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Interim Plan Eases Ban on Homosexuals in Military

President Announces Compromise, Including A 6-Month Study Period

WASHINGTON — President Bill Clinton took steps Friday toward ending a 50-year-old ban on homosexuals in the military...

Democrats feel chill in Clinton spring, Page 3.

order officially repealing the prohibition on homosexuals. But the order would include 'rigorous standards regarding sexual conduct to be applied to all military personnel...'



Rubble from a destroyed sluice gate lying in a spillway of the Peruca dam in Croatia, which was blasted by Serbian forces.

Blasted by Serbs, Dam May Collapse

By John Darnton New York Times Service ON THE PERUCA DAM, Croatia — A huge hydroelectric dam near Croatia's southern coast has been ripped by explosives...

Clinton Weighs Signal On New Trade Battle Brewing With Europe

Citing EC Favoritism on Bids, U.S. Would Retaliate on Communications

By Peter Behr Washington Post Service WASHINGTON — The Clinton administration is considering imposing stiff sanctions on the European Community in retaliation for a new policy that gives European telecommunications and power equipment manufacturers the inside track in bidding on government contracts...

Now, Tokyo Takes Its Turn To Yell 'Foul' on Dumping

By Paul Blustein Washington Post Service TOKYO — Japan, which usually plays the role of defendant in cases involving 'dumping' of low-priced goods, announced Friday for the first time that it would impose anti-dumping duties...

For 2 African States, Breakdown Is Nearly Total

Zaire: 'No Established Power Left' Angola: 'Worse Than It's Ever Been'

Compiled by Our Staff From Dispatches KINSHASA, Zaire — France and Belgium sent troops Friday to protect citizens in Zaire after rampaging soldiers killed the French ambassador and as many as seven other foreigners...

In China, a U.S. Land Rush by Inches

By Sheryl WuDunn New York Times Service GUANGZHOU, China — Sooner or later someone was going to discover a way to make money on the Chinese craze for the United States. Now it looks as if someone has — perhaps at the expense of thousands of naive Chinese...

Kiosk

Vote Proposal Takes Aim at Yeltsin

MOSCOW (AP) — Russia's hard-line parliament speaker fired a new salvo at President Boris N. Yeltsin on Friday, calling for simultaneous elections for president and lawmakers next year.

Market data section including Dow Jones (Up 3.78), Trib Index (Down 0.21%), and various stock prices.



OVERLAND — Sir Christopher Franks arriving Friday in Sangatte, France, via the Channel tunnel, the first British envoy to go to an overseas post by 'land.'

FIRST 100 DAYS / ALREADY, A COMPARISON

POLITICAL NOTES

In Passport Case, Bush's Files Are Fair Game

WASHINGTON — Joseph E. diGenova, the independent counsel in the investigation into the pre-election search of President Bill Clinton's passport records, may review personal files of former President George Bush as part of the investigation, according to court documents.

Filling Governmental Gaps With Temporaries

WASHINGTON — The Clinton administration plans to rely on hundreds of temporary senior government officials to help run federal agencies and departments for up to four months until the Democrats can settle on a permanent ruling class.

Boston Judge as Next Attorney General?

WASHINGTON — President Clinton held his first meetings with candidates for attorney general Thursday, his spokesman said, and sources said Rya W. Zobel, a federal district judge from Boston, was among those interviewed.

Quote-Uncquote:

General H. Norman Schwarzkopf, retired, on Mr. Clinton's push to allow homosexuals in the armed forces: "I am astounded that the new administration, with all of the problems this country has, that they chose to focus on this problem."

Democrats Feel Chill in Clinton's Spring



President Clinton, whose trouble has stirred dismay.

By Karen Tumulty and Michael Ross

WASHINGTON — Democrats in Congress had happily assured themselves that in Bill Clinton and his inaugural promise to "force the spring," they could finally see the end of their own political winter.

Pentagon Deadlock

As a Deal Collapses

How Powell's Switch on Cuts Scuttled a Capitol Scenario

By Barton Gelfman

WASHINGTON — General Colin L. Powell's decision this week to abandon his modest plan for reducing U.S. military redundancies represented the collapse of a secret deal between the general and the Senate's principal advocate of streamlining, Sam Nunn, Democrat of Georgia.

Dialing the White House: Busy, Busy, Busy, Click

By Michael Kelly

WASHINGTON — Hello? Hello? Is anybody there? Hello? During Hillary Rodham Clinton's trip to New York on Tuesday, her press secretary, Lisa Caputo, tried to phone home.

For investment information read THE MONEY REPORT Saturday in the IHT

Away From Politics

- An FBI agent lost his appeal against conviction for passing secrets to his Soviet lover, Richard Miller, 56, was sentenced to 20 years in 1990 after being convicted by in Los Angeles of six counts of spying.

AMERICAN TOPICS

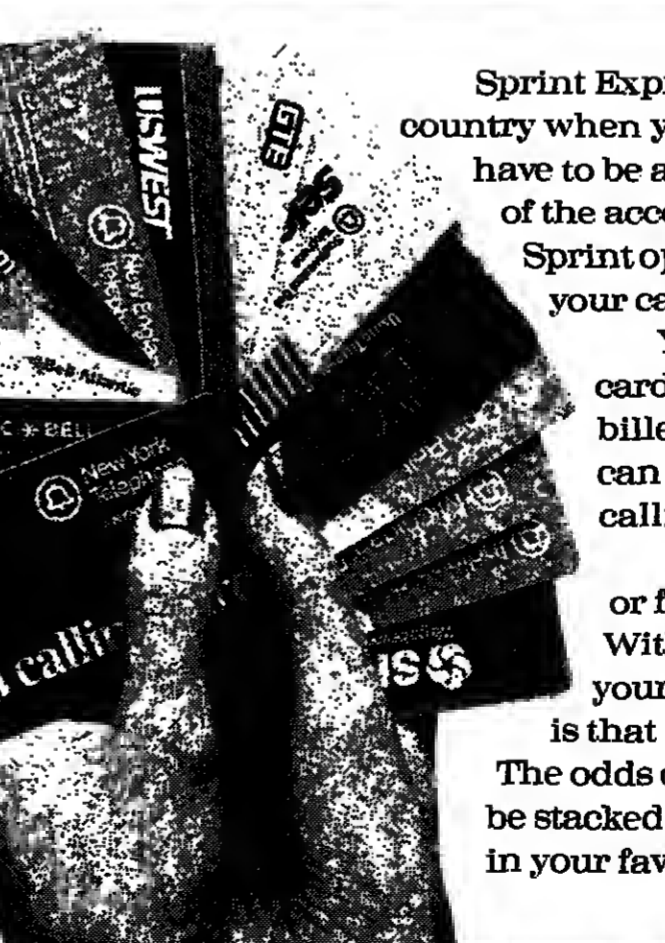
Determining Health By Waist-Hip Ratio

Hospital in Boston, who did not take part in the study, cautioned that obesity — 20 percent or more excess weight — increases the risk of high blood pressure, adult-onset diabetes, coronary heart disease, gall bladder disease and other ailments.

Short Takes

- A college diploma is worth \$1,039 a month in extra pay, according to the U.S. Census Bureau. One in four Americans hold college degrees.

How do you call a foreign country when you're already in one? Pick a card, any card.



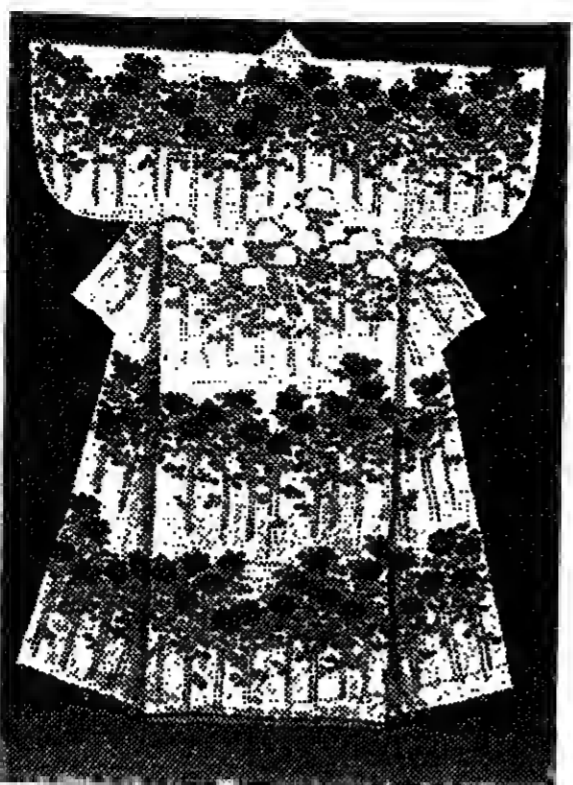
Sprint Express® makes it easy to call a foreign country when you're already in one. And you don't have to be a Sprint customer.

Table with columns: Sprint Express Countries, Access Numbers, Sprint Express Countries, Access Numbers, Sprint Express Countries, Access Numbers, Sprint Express Countries, Access Numbers.

Old Japan: Beauty in Silk Robes

LOS ANGELES — Real life upstaged almost everything happening in Hollywood on a recent morning when 100 kimono-clad women from Kyoto filed through the Japanese costume extravaganza at the Los Angeles County Museum of Art. They had come to see "When Art Became Fashion: Kōsode in Edo-Period Japan," an exhibition of the forerunners of the modern kimono.

Hailed by Japanese and American experts as the largest exhibition of kōsode ever presented, the show consists of 146 silk robes plus 60 paintings, textiles, screens and pattern books. A graphics feast throughout, the exhibition documents the wealth of art styles on textiles from the 17th to 19th centuries. Landscapes, so often subdued in Japanese painting, explode in brilliant colors on these robes.



Purple, white and red blooms on a yellow field.

The Eyes of the Camera In Photography, a Spooky Fascination

By Vicki Goldberg
New York Times Service

NEW YORK — Photography is so multifarious and omnivorous that books and shows can be—and are—concocted around just about any subject in the real world that someone takes a fancy to: dogs, cats, horses, pigs, flowers, cars, trains, hands, feet, babies, crowds, diners, baseball fields.

Now the Laurence Miller Gallery in SoHo, in association with One Good/Michael Seft, presents eyes, just eyes, in a show called "Eye for I." This small show of 22 pictures (through Feb. 12) is actually the gallery's second feature. The front room has work by Toshio Shibata, a Japanese landscape photographer with a cool, refined sense of formality, most recently on view in the "New Photography 8" exhibition at the Museum of Modern Art.

Landscapes is a plausible and long-established pretext for a show, but eyes? In fact, photographers have paid a great attention to eyes, and highlighting that interest amounts to a perfectly respectable, even a piquant thing to do, although this little collection cannot quite keep up to the charm of its own better moments.

Disembodied eyes have a long enough history in art. An extra pair of them identifies Saint Lucy, who has two practical visual organs in the usual place but carries an extra, much less useful, pair on a platter. Hagiographers relate that in early Christian times a nobleman was so bewitched by the beauty of her eyes that he proposed marriage. She tore the offending features out and sent them to him on a dish, saying "Now let me live for God." Later



Detail of "Difficult Seating" by Gary Brottmeyer.

confusion squarely into the realm of fetishism: an upturned foot wears a pair of silly, pop-eyed glasses, a bow prettily tied about the ankle, and a tweed shawl.

It was the Surrealists who had the deepest fascination with eyes unattached to their common supports. Man Ray, represented at Laurence Miller by a photograph that has precious little to do with eyes, did produce one Surrealist ikon with a displaced eye: "Object

for Destruction," a metronome with one eye on an eye on the end of its swinging arm.

Surrealist artists and photographers depicting unmoored eyes may have been alluding to the eye of the mind, in the unconscious, in visionary insight. But there is always the possibility, obvious as it may sound, that photographers who pursued this path, and perhaps the painters too, were referring to vision itself. Looking and staring are emblematic of artists and photographers, and eyes do stand for what they do.

Pragmatic merchants long ago made the single or paired eye into signs for opicians, and many photographers have delighted in that optical reference.

Photographers may even be planting visual similes.

In "Eye for I," Jerry Uelsmann inserts an enormous eye into a urinal and calls the image "Philtine's Eye." Lee Friedlander marks the rise of television and the faint anxiety that Big Brother could be watching you in your individually wired retreat by photographing a motel room where a single large eye fills the screen.

The eyes have been thought to betray the heart, the soul and the psyche, eyes depicted as they somehow should not be automatically evoke a sense of mystery and unease. Language has plenty of metaphors about eyes—glad eyes, evil eyes, pig's eyes, private eyes, cock-eyes—but photography has more. Even if most of the works on view are less compelling than Cornell and Levitt made it a habit to be, this curious little group of eye witnesses is proof enough that the camera will snap to attention and salate almost anything that resembles a pair of eyes.

Top Prices Prove Connoisseurs' Skills

NEW YORK — Two remarkable collections formed by East Coast connoisseurs who grew up before World War I were sold recently at Christie's—one devoted to antique silver from the United States, the other to English faience. Together they summed up the essence of American collecting at its most sophisticated: highly focused, researched in-depth, carried out almost like military campaigns. Yet, the temperaments of the collectors involved differed greatly. The late James H. Halpin, who loved silver, was a solitary hunter. "Born a poor boy in Corning, New York," in 1902, as his daughter, Harriet Halpin Delibas, wryly

SOUREN MELIKIAN

notes in a preface, he became blind in one eye as a child. Through sheer willpower, he made it to Bowdoin College and, helped financially by a local judge, was able to study at Harvard Law School. He worked his way to the top of the bar association of New York, eventually becoming chairman of the judiciary and executive committee.

His portrait in the sale catalogue suggests steady determination tempered by a touch of bitterness.

"He was a partisan figure, but no mob. He was not always easy to live with or to keep up with," his daughter goes on, summing up in two sentences the archetypal great collector, no matter where and when.

Halpin's triumphs in art resembled the cases he won in court—they were the outcome of relentless investigation by a man obsessed with precision.

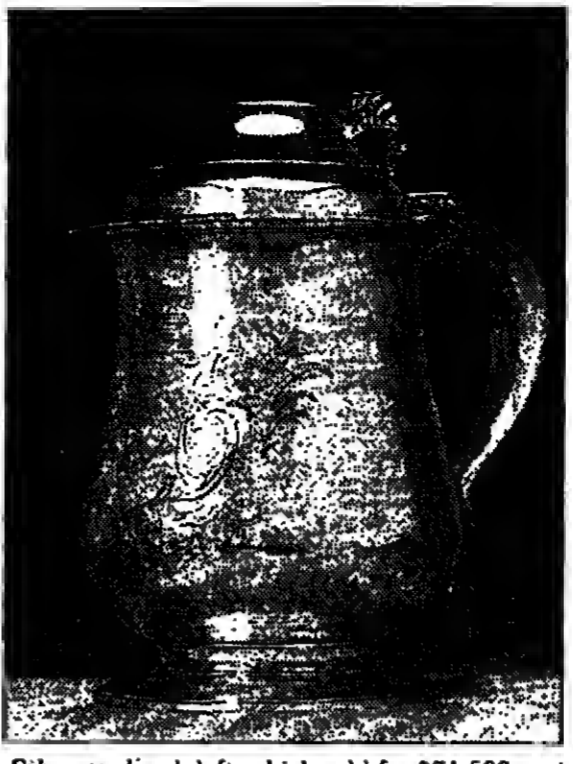
With the help of a vast reference library, he would piece together episodes from the life stories of figures of the American past and expand our understanding by identifying the initials on some of the objects he bought for that purpose.

One of his porringers, struck with the mark of the goldsmith Jacob Hind of Boston sometime between 1740 and 1758, carries three sets of initials that provide brief glimpses into the private lives of a famous family. On the flat horizontal handle, two majuscules, "DA," flank a monogram, "SM." Elsewhere the letters "OHECP" appear elsewhere over a date, "Oct. 30th, 1813."

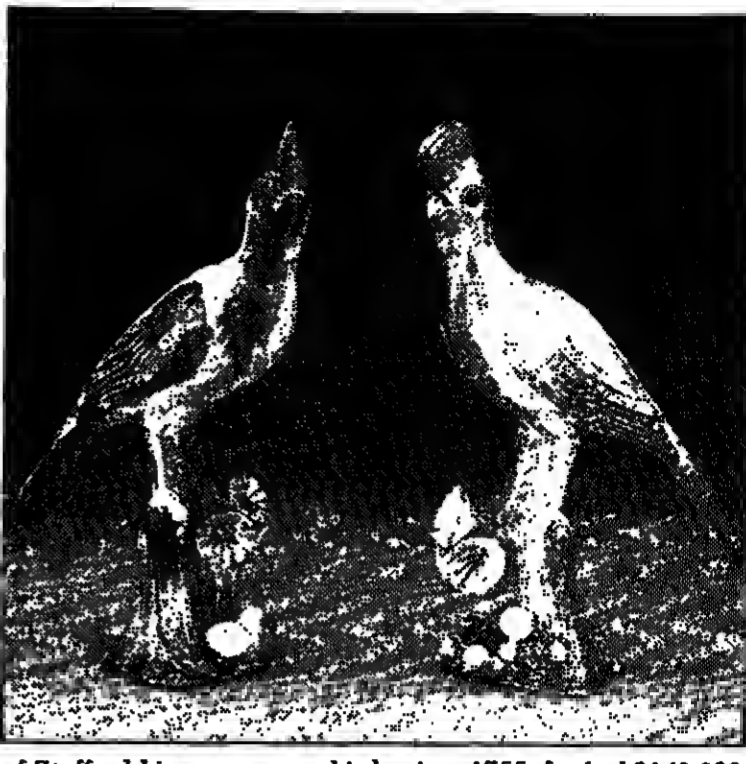
ONCE the key is found it all looks easy. DA stands for Daniel Ayrault (1676-1764), a merchant from Newport, Rhode Island; The monogram SM fits Ayrault's great granddaughter, Susan Mason. Cunching this reading beyond reasonable doubt, the combined initials OHECP are to be understood as those of Oliver Hazard (Perry) and his wife, Elizabeth Champlin (Mason) Perry, a niece of Susan Mason's. Perry is the American commander who defeated the British fleet in the Battle of Lake Erie on Sept. 10, 1813. Apparently, Susan Mason presented her niece, Elizabeth, with a treasured family heirloom—the porringer—to offer it to her husband as a celebration of his victory, 50 days later.

Last week the history-laden porringer as investigated by the lawyer-collector could be bought for \$5,050.

Halpin's ultimate coup in art



Silver tankard, left, which sold for \$71,500; pair of Staffordshire creamware birds, circa 1755, fetched \$143,000.



sleuthing was made after he bought a tankard with the mark of Ephraim Brasher. The collector promptly identified the arms as those of Comfort Sands (1748-1834), a merchant who made a fortune in the West Indian trade.

Sands was among the first to rebel against British authority. In 1765 the merchant burned 10 bales of stamped paper seized from an English brig. Her Majesty's government was unforbearing: In 1776 British troops entered New York and, shortly after, hummed down his house in New Rochelle.

Halpin's great luck was to discover evidence of what has every appearance of being an organized robbery mounted five years later against Sands. A notice printed in The New York Packet and The American Advertiser of April 5, 1781, announces the theft of "one silver tankard, 3 pints in shape of a can, with a coat of arms on the front, maker's name E. Brasher." This is clearly the Halpin tankard. Sands owns each one of the "gang of villains," which included a Loyalist. But despite the "generous reward" that he promised in the notice, Sands never got his tankard back.

After buying the tankard and tracing its history, Halpin found out that it had surfaced early in this century in New Brunswick—Loyalist-controlled territory where the thief presumably took it in 1781. Halpin's detective work touched a chord among his fellow collectors attending the sale. They ran up the price of the tankard, which looks remarkably English excepting the openwork thumbrest, to \$71,500. Anthony Phillips, head of Christie's silver department says that an English tankard of that type is worth about \$5,000.

If acts of heroism and the search for freedom riveted the lawyer, so did personal endeavor. He bought the only surviving set of 12 gold teaspoons predating the industrial period. They have a maker's mark, Garner Winchester of Lexington, Kentucky, which dates them to about 1850. Halpin's feat was to recognize the initials "HM" as

those of Henrietta Hunt Morgan of, indeed, Lexington. She was given the gold for making these spoons by her son, Calvin, a miner who took part in the California gold rush in 1849. At the sale on Jan. 22, the glitter of gold and the glamor of a wild past sent them climbing to \$19,800.

Jeanne Sloane, Christie's expert on American silver, wrote the catalogue, relying extensively on the lawyer's discoveries.

The collector-historian's intuition rarely failed him even when he got a detail wrong. He probably mistook the monogram incised on a silver teapot made by Samuel Johnson of New York around 1765 in a thoroughly English style. Rather than, "AVP," it looks like "HVP," the reading retained in the Christie's catalogue. Nevertheless, "HVP" fits the name discovered by Halpin in some archive, Anna Van Velt of New York. All that is needed is to recognize the Dutch spelling of the name, which takes an initial "H." Connoisseurs fought over it to the tune of \$46,200—far above the price of an English piece of identical shape.

Halpin's sleuthing achievements and sheer rarity proved irresistible. All but three of the 127 lots found buyers for a total far above the high estimates. Connoisseurship, rather than the lure of history per se, seems to have been the true factor behind its success. For on Monday, when it came to the 18th-century pottery from England gathered by Jean and Kenneth Chorley, the score was improved by a fraction—every single piece sold.

If Halpin typified the single-minded object hunter, the Chorleys could be called collector socialites. On the face of it, they were the most unlikely candidates to such a pursuit as art study.

KENNETH Chorley graduated from Marlus Military Academy (then called St. John's Military Academy), worked for railway companies and became associated with John D. Rockefeller, who asked him to oversee the resto-

ration of Colonial Williamsburg. Jean's career seemed even further removed from the world of objects. She was a singer of the lighter entertainment type. The pair met in Miami where she was singing in a hotel, the Roney Plaza. They married in 1941 when they were already in their 40s and waited another 12 years before getting involved in objects. They were prompted to do so because of the restoration of a 141-year-old brick house they bought in New Jersey.

But their collection of faience took off in 1959, after they accompanied John Graham, curator of collections at Williamsburg, on a buying trip to England. Collectors they knew socially, such as Katharine Murphy, who initiated them to English delftware and Whieldon pottery were a major influence. The Chorleys bought mainly through dealers.

On Dec. 10, 1963, at Sotheby's London, Robert Allbrook got for them a Lambeth delftware candle cup dated 1657. Sketchily decorated in grayish blue and yellow or off-white, the piece cost them \$1,722—which was a lot. On Monday at Christie's, the cup climbed to \$71,500.

Tastes have changed. English delftware now rides a high crest and the current yearning for precision makes an early dated piece immensely desirable. At the Frances Dickson sale, held at Sotheby's London, on May 12, 1964, they bought through Frank Tilley one of the finest chargers in existence with the equestrian portrait of Charles I for \$862 at the time. On Monday it went for \$99,000.

The Chorleys' true achievement was in Staffordshire creamware. On May 24, 1960, Tilley (already) set a world record when he paid on their behalf £1,500 (then \$4,200) for a pair of crested birds. The price seemed enormous. On Monday, the birds caused the same surprise effect—in the tune of \$143,000. Art lovers, however, have as much admiration for their exquisite plates in motley green, aubergine and ochre. A pair of scalloped plates with molded foliage could be had for only £2,420. True, they had cost the Chorleys a modest \$92,700.

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INTERNATIONAL Herald Tribune

Out of No-Man's-Land

Prime Minister Yitzhak Rabin's expulsion last month of more than 400 Palestinians was a blunder for which Israel now pays dearly.

Oppose. The talks were due to resume in Washington early next month. A face-saving exit is possible.

Put the Shovels Away

What? One week and it's over? To hear some of the ominous commentary, you would think the White House roof had caved in.

To Cut Social Security

The Clinton administration has given fair warning that in cutting the deficit it is likely to try to cut the cost of Social Security.

Other Comment

Let the 400 Return

Israel's Supreme Court dealt the government of Prime Minister Yitzhak Rabin a cruel blow in affirming its right to deport more than 400 Palestinians.

INTERNATIONAL HERALD TRIBUNE

KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen. LEE W. HUEBNER, Publisher.

Is Clinton On a Slippery Slope Toward Carterdom?

By Leslie H. Gelb

NEW YORK — Bill Clinton may not know it, and certainly will not like to hear it, but much of what he has said about foreign policy echoes Jimmy Carter's campaign themes and policies.

Both appealed to conservatives by preaching toughness. The Georgia governor slammed Henry Kissinger for being too soft on Moscow about human rights and strategic arms.

A G-(More Than) 7 Should Satisfy These Outsiders

By Hobart Rowen

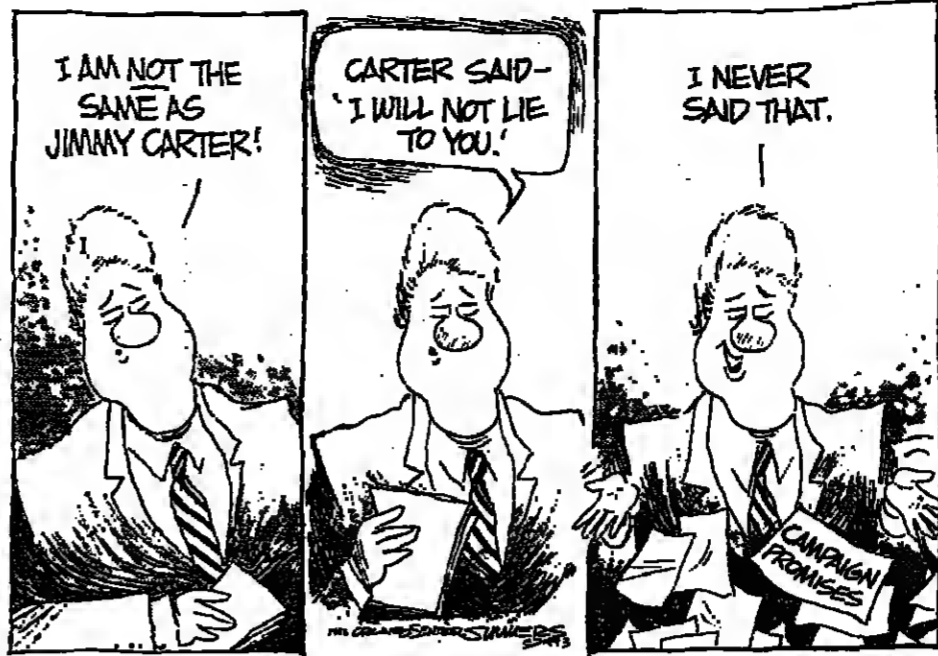
WASHINGTON — Bill Clinton's inaugural address deserves careful attention. It is a good speech, sketching out three or four significant themes that provide a road map to what may be ahead.

Not All the News From Central Europe Is Gloomy

By William Pfaff

SALZBURG — Not all is gloom in Central Europe, as a new year begins. Two hundred thousand people marched in Vienna last Saturday in a demonstration against xenophobia.

OPINION



And George Bush coddled Saddam Hussein, flattering him and giving him grain credits right up to the moment the Iraqi invaded Kuwait.

Meanwhile, Mr. Carter's successes were about as impressive as the Republicans' over the next 12 years. Mr. Reagan "conquered" Grenada and ushered in the Gorbachev revolution.

Mr. Carter's farsighted new agenda for world politics lacked an anchoring overall strategy, and thus looked both radical and incoherent.

Souls at Risk in a Dangerous Dance

By A. M. Rosenthal

NEW YORK — Since the Arab states started their wars against Israel a half-century ago, hardly a week has gone by without warnings that Israel was in danger of losing its soul.

The warnings come from people who announce themselves friends of Israel, but who are displeased by Israeli survival tactics or politicians Israelis choose to govern their country.

The Issue Is Bigotry, Not Politics

By Anthony Lewis

BOSTON — Over the last half-century Americans have come to understand that a civilized society does not mistreat people because of what they are.

The question now is whether Americans are ready to apply that civilized standard to homosexuals. Are they to be despised and rejected because of what they are — because of a status that nature gave them?

Did the firing of Colonel Cammermeyer or Lieutenant Thorne make our armed forces more effective? To the contrary, it removed two persons of proved effectiveness.

There have always been homosexuals in the armed forces, and there always will be. Mr. Clinton's plans — and the ruling Friday by a federal judge striking down the military's ban — do not change that reality.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Hunters Grumble. PARIS — The shooting season in France has come to an end, and sportsmen are discussing it. 1943: Nazis Interrupted. LONDON — [From our New York edition:] Tipping their bows for maximum psychological effect, the British raided Berlin today [Jan. 30], sending two flights of Mosquito bombers skimming across the capital just as two of the highest Nazi leaders were about to broadcast addresses on the tenth anniversary of the Nazi party's rise to power.

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Dear Mr. President

FLAAG congratulates you on your inauguration and looks forward to an administration that will be concerned with the status of Americans around the globe on an everyday basis, and not just when we come knocking on Washington doors.

Your letter to us in the *International Herald Tribune* of Sept. 26, 1992 offered encouragement on the treatment of issues that are important to us and made a powerful impression overseas. Your pledge in your inaugural address to improve our competitiveness in a global economy will help U.S. citizens at home and abroad. We look forward to your designation of presidential office personnel as special liaisons to the 3.5 million civilians outside the United States.

In writing to us, you faced squarely the problem of the partial exclusion of earned income, one of the tax issues that we

and is there an equitable way to collect it?

You have already demonstrated your willingness to examine and compare the experience of other nations when looking for answers to U.S. domestic problems such as health care. We recommend, President Clinton, that our national tax policy on foreign earned income be subjected to a thorough comparative study, perhaps under the auspices of your liaison personnel for Americans around the globe.

We appreciate the need to reduce the deficit. Therefore, reduction of any existing revenue source may be questioned.



FEDERATED LEAGUE OF AMERICANS AROUND THE GLOBE

extraordinary administrative burden and usually requires overseas citizens to obtain expensive professional assistance to prepare their returns. The result is little if any positive net revenue for the government.

Second, the traditional approach around the globe is to limit income taxation to residents and non-residents generating income within the host country's borders. While not binding, this principle of international law does indicate the standard for civilized nations and has been almost universally respected.

The possibility of inflicting tax injustice upon overseas citizens is a third principal factor. An American receiving little support from his government can be severely penalized by the accumulation of U.S. and foreign taxes.

A final factor is business competitiveness.

Information Needed

There is apparently misinformation in the hands of our fellow citizens and our congressmen. An example of the lack of understanding occurred during the global conference of U.S. citizens held in Paris in 1990. A capable congressman from Detroit expressed his conviction that his local constituents would not understand a total exemption of foreign earned income; indeed, if they learned of today's \$70,000 exclusion, they would feel discriminated against. Neither he nor his constituents consider the taxes paid to foreign governments as relevant.

The U.S. government has not always unfairly taxed its citizens around the globe. Exclusion of overseas income was the original rule, termed "the trader exemption," reflecting an appreciation of the contribution being made to U.S. trade. The first limitations were imposed on the amount of the exclusion in 1952. Since then, we have been subjected to roller-coaster legislative changes whose only common denominator is growing complexity and higher cost of compliance.

This attitude is sometimes reflected in the actions of the Internal Revenue Service. The service, through a well-publicized press release, appears to be saying that there is widespread tax evasion by overseas filers. This is misleading. Many Americans abroad have an obligation to file but no tax is due. The release suggesting evasion distorts the actual picture. The service must make strenuous efforts to

collect what will often be merely minimal or zero tax due. It is debatable whether these efforts are a wise use of IRS resources.

The most difficult part for us to accept, however, is that our country goes to great lengths to make certain that we are taxed in a manner similar to our compatriots at home, but makes no effort to provide us with the governmental services provided to residents. Where is overseas educational assistance? Where is our Medicare? Are we to believe, as many in Washington have repeatedly suggested, that payment of federal income tax is simply the price of maintaining citizenship? The lack of fairness goes to the extreme of reducing the amount of social security benefits payable to citizens overseas for U.S. work when they subse-

quently earn the right to benefits of a foreign nation for unrelated work. For long-term residents these issues are especially telling.

Detrimental Effects on U.S. Trade

The present taxation system also damages American business in its efforts to be competitive internationally. Since the burdensome increases in taxation of offshore workers began in 1952, our nation's ability to compete in many world markets has been seriously hampered.

Testimony before Congress has demonstrated the drop-off in certain types of U.S. business abroad, particularly in construction and similar project-type efforts. Our companies begin with the already difficult task of motivating employees

from the world's most comfortable society to live in some of the world's least attractive locations. The extra cost of their employment is increased by U.S. income tax costs.

Since many of these Americans have been transferred for a two- or three-year stay, their employer in the United States will generally fund the cost of U.S. income tax. This creates yet more income, generating more tax, with a snowballing effect. The end result is a significantly increased cost of doing business abroad. Although not a desirable option for American workers, a U.S. company may solve its problem by hiring foreign personnel.

FLAAG represents people, not companies, but we see Americans hurting when overseas employment opportunities fall off and when export sales offices shut down. It seems self-evident that putting our companies operating abroad on a level playing field with foreign companies will help the U.S. economy and all Americans, at home and abroad. The United States must reconsider a tax policy that so impedes its ability to compete in the international business arena.

There is no immediate solution for the entire range of tax issues facing overseas Americans. Today, the unilateral tax credit (granted by the United States regardless of treaty obligations) is a realistic but partial solution.

Without it, many overseas taxpayers would be in an untenable position. But the significance of that credit varies sharply according to the overall tax system of the host country.

The U.S. tax system is not calibrated so as to account effectively and fairly for the economic realities of overseas Americans. For example, the overall tax burden of an American living in the European Community, with its "harmonized" value-added tax of 15 to 20 percent, is much higher than that of his fellow citizens back home, yet he may well face additional U.S. taxation. In addition, the varieties of taxation throughout the world and the differences in standards of living render more difficult any equitable solution without a complete and informed evaluation of the relevant facts.

Mr. President, all these issues must be carefully studied, costed, and presented by an authoritative group. A broad mandate to your study commission will provide the factual basis for meaningful reform of the existing system. After a considered review (in which FLAAG stands ready to help in any way) we can move toward the day when all Americans, regardless of where they reside, are taxed fairly.

Hopefully yours,

The Federated League of Americans Around the Globe

FLAAG is...

The Federated League of Americans Around the Globe - a nonprofit, non-partisan organization serving the needs and interests of all U.S. citizens abroad.

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An open letter to President Bill Clinton on the need for a solution to the problems of taxation of Americans around the globe.

face constantly. We applaud your commitment not to worsen our current position, and we trust that a full review of taxation of income earned abroad can be undertaken.

The prevailing U.S. taxation system applicable to overseas Americans is unfair and reflects an incomplete grasp of the contemporary realities involving these Americans. It shows a lack of comprehension of why we are outside the United States and of the tax burdens we already bear.

The U.S. Treasury published in 1978 and 1989 limited reports on taxation of Americans working overseas, dealing principally with statistical aspects rather than policy. Even though no calculations were made of the cost of collection, the offsetting deductions to corporations for tax-equalization and similar programs, all of which sharply reduce revenues, the reports indicated limited income from overseas. Under Section 114 of the Economic Recovery Act of 1981, another Treasury report is due. We ask, Mr. President, that this effort examine all aspects of this issue. Does the tax really produce a positive revenue stream,

However, we are confident that a thorough economic and tax policy study will demonstrate that the current system of taxation of citizens abroad is unjust, provides small returns, and also is a case of America shooting itself in its economic foot.

Fiscal Discrimination
Overseas Americans have good reason to feel discriminated against by U.S. tax treatment. While the United States, like all other major industrialized countries, taxes resident individuals, the United States stands alone in also levying its income tax on the basis of citizenship. While the constitutional legitimacy of such taxation is well established, its wisdom is not.

Other countries with tax systems comparable to that of the United States and a similar need for revenue have not sought to levy taxes on the earned income of their overseas citizens for at least four major reasons that are applicable to the U.S. situation.

First, the relatively low prospects for exacting significant revenue and the high cost of collection reduce the impact. The complexity of current regulations involves an

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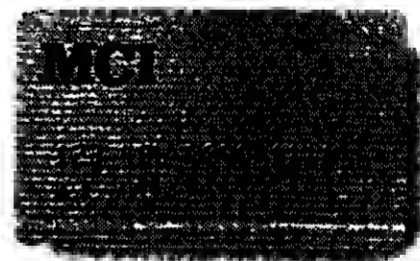
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Belgium	078-11-00-12	Dominican Republic	1-800-751-6624	Hungary	001-800-0411	Luxembourg	0800-012	Sweden	020-755-972
Bolivia	0-800-2222	Ecuador	170	India	000-127	Moscow	194-0019	Switzerland	155-0222
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Chile	001-0516	Finland	9800-102-80	Israel	177-150-2727	Norway	050-12912	United Kingdom	0800-85-0222
Colombia	980-16-0001	France	19-00-19	Italy	172-1022	Peru	001-190	Uruguay	000-412
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NYSE

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock Dr. Yd PE High Low Last City

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
100	90	IBM	+	10	15	100	90	100	NY
150	140	Microsoft	+	15	20	150	140	150	NY
200	190	Apple	+	20	25	200	190	200	NY
300	290	Oracle	+	30	35	300	290	300	NY
400	390	Sun	+	40	45	400	390	400	NY
500	490	Lucent	+	50	55	500	490	500	NY
600	590	Motorola	+	60	65	600	590	600	NY
700	690	Qualcomm	+	70	75	700	690	700	NY
800	790	Rockwell	+	80	85	800	790	800	NY
900	890	WorldCom	+	90	95	900	890	900	NY
1000	990	Verizon	+	100	105	1000	990	1000	NY

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
1100	1090	AT&T	+	110	115	1100	1090	1100	NY
1200	1190	WorldCom	+	120	125	1200	1190	1200	NY
1300	1290	Verizon	+	130	135	1300	1290	1300	NY
1400	1390	Qwest	+	140	145	1400	1390	1400	NY
1500	1490	Sprint	+	150	155	1500	1490	1500	NY
1600	1590	Nextel	+	160	165	1600	1590	1600	NY
1700	1690	DocSys	+	170	175	1700	1690	1700	NY
1800	1790	Global Crossing	+	180	185	1800	1790	1800	NY
1900	1890	Opticon	+	190	195	1900	1890	1900	NY
2000	1990	Opticon	+	200	205	2000	1990	2000	NY

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
2100	2090	Opticon	+	210	215	2100	2090	2100	NY
2200	2190	Opticon	+	220	225	2200	2190	2200	NY
2300	2290	Opticon	+	230	235	2300	2290	2300	NY
2400	2390	Opticon	+	240	245	2400	2390	2400	NY
2500	2490	Opticon	+	250	255	2500	2490	2500	NY
2600	2590	Opticon	+	260	265	2600	2590	2600	NY
2700	2690	Opticon	+	270	275	2700	2690	2700	NY
2800	2790	Opticon	+	280	285	2800	2790	2800	NY
2900	2890	Opticon	+	290	295	2900	2890	2900	NY
3000	2990	Opticon	+	300	305	3000	2990	3000	NY

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
3100	3090	Opticon	+	310	315	3100	3090	3100	NY
3200	3190	Opticon	+	320	325	3200	3190	3200	NY
3300	3290	Opticon	+	330	335	3300	3290	3300	NY
3400	3390	Opticon	+	340	345	3400	3390	3400	NY
3500	3490	Opticon	+	350	355	3500	3490	3500	NY
3600	3590	Opticon	+	360	365	3600	3590	3600	NY
3700	3690	Opticon	+	370	375	3700	3690	3700	NY
3800	3790	Opticon	+	380	385	3800	3790	3800	NY
3900	3890	Opticon	+	390	395	3900	3890	3900	NY
4000	3990	Opticon	+	400	405	4000	3990	4000	NY

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
4100	4090	Opticon	+	410	415	4100	4090	4100	NY
4200	4190	Opticon	+	420	425	4200	4190	4200	NY
4300	4290	Opticon	+	430	435	4300	4290	4300	NY
4400	4390	Opticon	+	440	445	4400	4390	4400	NY
4500	4490	Opticon	+	450	455	4500	4490	4500	NY
4600	4590	Opticon	+	460	465	4600	4590	4600	NY
4700	4690	Opticon	+	470	475	4700	4690	4700	NY
4800	4790	Opticon	+	480	485	4800	4790	4800	NY
4900	4890	Opticon	+	490	495	4900	4890	4900	NY
5000	4990	Opticon	+	500	505	5000	4990	5000	NY

JAPAN: Yells 'Foul'

(Continued from page 1)

filing anti-dumping complaints. The case stems from a complaint filed in the autumn of 1991 in which Japanese ferroalloy companies alleged that China, Norway and South Africa were dumping products into the Japanese market.

Tokyo decided against applying sanctions to Norway and South Africa, because their level of dumping was not found to be hurting the Japanese industry.

But the government found grounds for putting duties on Chinese ferroalloy imports. China's market share rose from 17 percent to 39 percent in the three years through 1991, the government said. During that time, ferroalloy prices fell much further than other prices, and the Japanese industry began suffering losses.

Seven Chinese companies submitted internal business information and were found guilty of dumping. Two were exempted from the duties when they agreed to raise export prices, but imports from the rest will be subject to duty. China said it regretted the decision and threatened some form of retaliation, Reuters reported from Beijing.

"This decision was made without the consideration of some true and reliable information," a spokesman for the Ministry of Foreign Economic Relations and Trade said in Beijing.

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
5100	5090	Opticon	+	510	515	5100	5090	5100	NY
5200	5190	Opticon	+	520	525	5200	5190	5200	NY
5300	5290	Opticon	+	530	535	5300	5290	5300	NY
5400	5390	Opticon	+	540	545	5400	5390	5400	NY
5500	5490	Opticon	+	550	555	5500	5490	5500	NY
5600	5590	Opticon	+	560	565	5600	5590	5600	NY
5700	5690	Opticon	+	570	575	5700	5690	5700	NY
5800	5790	Opticon	+	580	585	5800	5790	5800	NY
5900	5890	Opticon	+	590	595	5900	5890	5900	NY
6000	5990	Opticon	+	600	605	6000	5990	6000	NY

12 Month High	12 Month Low	Stock	Dr.	Yd	PE	High	Low	Last	City
6100	6090	Opticon	+	610	615	6100	6090	6100	NY
6200	6190	Opticon	+	620	625	6200	6190	6200	NY
6300	6290	Opticon	+	630	635	6300	6290	6300	NY
6400	6390	Opticon	+	640	645	6400	6390	6400	NY
6500	6490	Opticon	+	650	655	6500	6490	6500	NY
6600	6590	Opticon	+	660	665	6600	6590	6600	NY
6700	6690	Opticon	+	670	675	6700	6690	6700	NY
6800	6790	Opticon	+	680	685	6800	6790	6800	NY
6900	6890	Opticon	+	690	695	6900	6890	6900	NY
7000	6990	Opticon	+	700	705	7000	6990	7000	NY

(Continued on page 11)

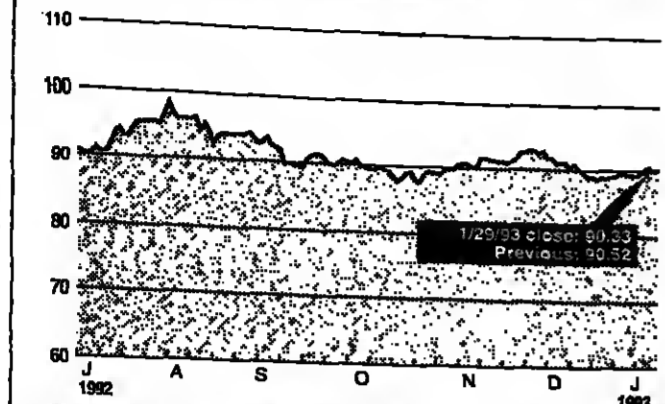
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Table with 3 columns: Asia/Pacific, Europe, N. America. Rows include various industrial sectors like Energy, Utilities, Finance, Services, Capital Goods, Raw Materials, Consumer Goods, Miscellaneous.

ECONOMIC SCENE

Russia Is Nearing Point At Which Money Is Useless

By Fred Hiatt
Washington Post Service
MOSCOW — The Russian economy, 13 months into one of the riskiest transformations ever attempted, stands at a moment of great promise but also of extreme danger...

Why U.S. Can't Cure Europe's Ills

By Tom Redburn
International Herald Tribune
DAVOS, Switzerland — Despite widespread hopes in Germany and France that an improving U.S. economy should help overcome Europe's recession...

U.S. Factory Orders Boom

By Lawrence Malkin
International Herald Tribune
NEW YORK — Orders for U.S. durable goods, a major sign of an economic recovery that depends on consumers, rose a startling 9.1 percent in December...



U.S. factory orders for durable goods rose 9.1 percent in December, the Commerce Department reported Friday...

Tokyo Dumping Duties: First of Lots?

By Steven Brull
International Herald Tribune
TOKYO — Japan's decision to impose anti-dumping duties on a Chinese alloy is only the first of what will become an increasingly common tactic as Asian nations push to open Japan as an export market...

Dunkel Expects Significant Delay In GATT Pact

By Roger Cohen
New York Times Service
DAVOS, Switzerland — Arthur Dunkel, the man overseeing world trade talks, on Friday ruled out the possibility of a global trade pact before March 2...

Canada Joins the Parade, Imposing Punitive Duties

OTTAWA — Canada said on Friday that six countries had dumped hot-rolled steel sheet on its market at less than fair prices and set immediate punitive duties on them...

For DAF Investors, Mystery Isn't Sweet

AMSTERDAM — In the fog surrounding the Dutch government's plan to rescue the truck maker DAF NV, one thing is clear: The shareholders are losing out...

CURRENCY & INTEREST RATES

Table with multiple columns: Gross Rates, Eurocurrency Deposits, Key Money Rates, Other Dollar Values, Forward Rates. Includes various financial data points.

Table with multiple columns: Eurocurrency Deposits, Key Money Rates, Other Dollar Values, Forward Rates. Includes various financial data points.

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Vertical text on the left margin: 'TO OUR READERS IN SWITZERLAND' and other illegible text.

MARKET DIARY

Health Scare Hits Telephone Stocks

Compiled by Our Staff From Dispatches

NEW YORK — The stock market rose slightly Friday but telephone shares plunged because of a snowballing health scare over cellular phones.

The Dow Jones industrial average inched up 3.78 to close at 3,310.03, finishing the week with a gain of 33.22 points.

N.Y. Stocks

more than 245 million shares changing hands on the Big Board. Shares of cellular communications companies and regional Bell operating companies with cellular businesses plunged on reports that cellular phone sales were starting to suffer from growing concerns that the phones may pose a risk of brain cancer in users.

The Cellular Communications Industry Association announced Friday it would pay for government-approved research to determine whether radio waves from cellular phones posed a cancer risk. The association has asked the Department of Health and Human Services, Federal Communications Commission and Environmental Protection Agency to appoint the oversight panel.

ORDERS: Durables Surge 9.1%

(Continued from first finance page)

the expansion is sufficient enough to improve income and job prospects ahead," said Edward Yardeni of C.J. Lawrence.

Initial January indicators were firm but hardly robust. The University of Michigan consumer survey showed this month's final confidence figure at 89.3 percent, little

changed from the preliminary report of 90 percent. The Chicago Purchasing Managers Index inched down to 61 from 60.2 in December.

Traders Wrong-Footed

The dollar's bounce left many chartists and other traders throwing out recent forecasts that the dollar would slide to around 1.55 DM, Reuters reports from New York.

"This looks pretty impressive for the buck," said Charles Wheeler, a trading in New York for Postbank, the Finnish bank.

Mr. Wheeler said he now expected the dollar to reach toward the level of 1.6225 DM to 1.6250 DM. But Jonathan Hoffman, director of economics at HS First Boston in London, cautioned, "Today's data don't change the fact that jobs

lar Communications skidded 3% to 32%. Motorola and McCaw were the two most actively traded stocks. Vanguard Cellular went down 1% to 22 1/2. Fleet Cell slumped 1% to 20%. ADC Telecommunications declined 1 1/2 to 46% and Vodafone Group fell 1% to 56%. Pacific Telecommunications dropped 1% to 44 and Southwestern Bell lost 2% to 68%.

The plunge in Motorola dragged down the semiconductor group, which has been retreating in recent days after a rally that was fueled by robust fourth-quarter earnings reports from Intel and Motorola.

International oil shares also gave back their recent gains. Oil stocks jumped on Thursday after the Senate Energy Committee chairman, Bennett Johnston of Louisiana, proposed an oil-import fee that would boost domestic crude prices.

An analyst at Prudential Securities, saying oil stocks have become expensive, withdrew his "buy" recommendations on Amstar, Hess, Atlantic Richfield, Chevron, Exxon, Mobil, Pennzoil, Sun, Texaco, and Phillips Petroleum.

Northern Telecom dropped 1 1/2 to 43%. Paul Stern, chief executive of Canada's leading telecommunications equipment maker, resigned, possibly because his management style created friction.

Scientific Atlanta plunged 4% to 43%. Paul Stern, chief executive of Canada's leading telecommunications equipment maker, resigned, possibly because his management style created friction.

Motorola's stock plunged 5% to 50% on Friday and McCaw Cellular

growth has been disappointing and it's going to take a run of strong jobs numbers before a break above 1.65 can be justified."

Against other currencies, the dollar rose to close at 124.65 yen, from 124.20 on Thursday; 1.4875 Swiss francs from 1.4625 and 5.4515 French francs from 5.3655. The pound slid to \$1.4870 from \$1.5155.

Earlier in London, the pound fell to \$1.4852, its lowest level since January 1987, from \$1.5115 Thursday. The pound also slipped to 2.3958 DM from 2.4038 on Thursday.

SALVATION: Europe Shouldn't Look to America

(Continued from first finance page)

modest, investment-led expansion the United States is likely to experience, analysts said.

Neither can Japan, which is in danger of fostering another protectionist backlash in Europe and the United States unless it takes steps to reduce its swelling trade surplus. "Japan must take steps to open its markets more and reach out to better integrate itself into the com-

The Dow Jones Industrial Average table showing daily closing prices and changes for various sectors like Industrials, Utilities, and Finance.

Standard & Poor's 500 Index table showing daily closing prices and changes.

NYSE Indexes table showing closing prices and changes for Composite, Industrials, and Finance.

NASDAQ Indexes table showing closing prices and changes for Composite, Industrials, and Finance.

AMEX Stock Index table showing closing prices and changes.

Dow Jones Bond Averages table showing closing prices and changes for 30 Bonds, 10 Industrials, and 10 Government.

Market Sales table showing volume and value for NYSE, AMEX, and NASDAQ.

N.Y.S.E. Odd-Lot Trading table showing buy and sell orders for various stocks.

NYSE Diary table showing advanced, declined, and uncharged issues.

Amex Diary table showing advanced, declined, and uncharged issues.

MASDAQ Diary table showing advanced, declined, and uncharged issues.

EUROPEAN FUTURES table showing prices for various commodities like Wheat, Soybeans, and Corn.

Food table showing prices for various food commodities like Sugar, Cocoa, and Coffee.

Industrials table showing prices for various industrial commodities like Gas Oil, Heating Oil, and Fuel Oil.

Stock Indexes table showing prices for various stock indices like FTSE 100, Nikkei, and Hang Seng.

Spot Commodities table showing prices for various commodities like Aluminum, Copper, and Zinc.

Dividends table showing dividend payments for various companies.

U.S. FUTURES table showing prices for various futures contracts like Wheat, Soybeans, and Corn.

Grains table showing prices for various grain futures contracts.

Metals table showing prices for various metal futures contracts.

Livestock table showing prices for various livestock futures contracts.

Financial table showing prices for various financial futures contracts.

Food table showing prices for various food futures contracts.

Stock Indexes table showing prices for various stock indices.

Commodity Indexes table showing prices for various commodity indices.

Market Guide table showing prices for various market indicators.

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Commodity Indexes table showing prices for various commodity indices.

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Stock Indexes table showing prices for various stock indices.

Commodity Indexes table showing prices for various commodity indices.

U.S. / AT THE CLOSE

Clinton Package Seen Near \$20 Billion

WASHINGTON (Combined Dispatches) — Deputy Treasury Secretary Roger C. Altman confirmed Friday that President Bill Clinton will unveil an economic stimulus package containing \$15 billion in new government spending and perhaps up to \$7 billion in tax relief, including an investment credit and capital gains reduction.

Mr. Clinton was elected in large part to help propel the flagging economy, and talk of a stimulus bill has bounced about for months. Earlier this week, media reports said advisers of Mr. Clinton had indicated the president had a \$20 billion fiscal blueprint in the works.

In the tapping of an interview for the John McLaughlin public affairs television show "One on One," Mr. Altman said: "The recent press reports are in the generally accurate area — \$15 billion on the spending side, another \$5 billion or \$6 billion or \$7 billion on the tax side. Roughly \$20 billion."

Separately, Mr. Altman also said Friday that the U.S. Treasury was considering reducing the amounts of its 30-year bond issues. During the administration of George Bush, the Treasury Department cut its 30-year bond issues to \$10 billion from \$12 billion per quarter, and there is speculation the Treasury might reduce that to \$6 billion a quarter. (UPI, Bloomberg)

Cray Chief Is Given Commerce Post

WASHINGTON (AP) — President Bill Clinton on Friday nominated John A. Rollwagen, chairman and chief executive of Cray Research Inc., to be deputy secretary of commerce.

Mr. Rollwagen, 52, has headed Cray, the world's largest manufacturer of supercomputers and a veteran of intense competition with Japanese makers, since 1977. He has served on trade advisory committees in both the Reagan and Bush administrations.

Charges Give Xerox a Quarterly Loss

STAMFORD, Connecticut (Bloomberg) — Xerox Corp. said Friday it had recorded a loss of \$736 million in the fourth quarter, the first quarterly loss since early 1990, because of charges related to its planned exit from financial services.

A year earlier, the company earned \$91 million. Xerox also said it had posted a loss of \$1.2 billion for 1992 as a whole, its first annual loss, compared with a profit of \$454 million in 1991.

Xerox said last week it would dispose of its financial-services business, acquired in the 1980s, to focus on selling copiers and other office and printing products.

E-II Says Court Rejects Icahn Plan

NEW YORK (Reuters) — E-II Holdings Inc. said Friday that a U.S. bankruptcy court had rejected an attempt by Carl C. Icahn to file an alternative plan in E-II's Chapter 11 bankruptcy case.

The court authorized E-II Holdings to start soliciting votes from creditors for approval of the current management's reorganization plan. E-II's core businesses include Samsomite luggage, Culligan water-treatment equipment and McGregor menswear.

Bank of New York Plans Purchase

NEW YORK (AP) — Bank of New York Co. said Friday that it planned to acquire National Community Banks Inc. of West Paterson, New Jersey for an estimated \$590 million in stock, the latest sign of revival in the once-battered East Coast banks.

Earlier this week, Chemical Bank Corp. said its Texas affiliate was purchasing key parts of the failed First City Bancorp of Texas. Bank of Boston and Fleet Financial Group, which both suffered hardship in the early 1990s, have also announced new acquisitions in recent months.

For the Record

Continental Airlines Holdings Inc. reported Friday a consolidated net loss of \$14 million for the fourth quarter, compared with net income of \$4.4 million a year ago. Revenue was \$1.35 billion for the fourth quarter of 1992, down slightly from \$1.38 billion a year ago. (UPI)

WORLD STOCK MARKETS

Table of world stock markets showing indices for Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Sao Paulo, Singapore, Stockholm, Tokyo, Toronto, and Zurich.

Table of world stock markets showing indices for Hong Kong, Johannesburg, Madrid, and various regional indices.

Table of world stock markets showing indices for various regional and international markets.

Table of world stock markets showing indices for various regional and international markets.

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The Issue Is Bigotry, Not Politics

U.K. Panel Sees Bigger Coal Market

LONDON — Britain's state-owned coal industry should be given hefty subsidies provided it keeps open as many threatened pits as possible, a much-awaited parliamentary report said on Friday.

The Trade and Industry Committee's report did not estimate how many pits could be saved of the 31 earmarked for closure by the government last October.

"We do not manage the British coal industry," the committee chairman, Richard Caborn, said. "We had a clear remit to say if there was a larger market for coal, and that is what we have defined."

The committee recommended that subsidies should be provided to allow extra sales of around 16 million tons of coal a year to power generators. Industry and political sources estimated this would save around half the 31 threatened pits.

The committee also said the government should consider subsidizing a further 3 million tons of coal a year for use outside the generating industry. British Coal's sales this year are estimated at around 80 million tons.

The subsidies, which would run until 1998, should be "conditional on the achievement of specified reductions in British Coal's operating costs, and on British Coal keeping open as many pits as possible," the committee said.

The report is expected to influence greatly the government's own review of the closures of two-thirds of Britain's coal industry.

The subsidies would cost £500 million (£750 million) over five years. The government expected closing 31 pits would cost £1.2 billion in layoff payments.

A Saudi Lifeline for BAe Tornado Order Preserves Defense Business

LONDON — British Aerospace PLC, heading toward one of the biggest losses in British corporate history, has gotten a lifeline with a multi-billion-pound order from Saudi Arabia.

During Prime Minister John Major's visit to Saudi Arabia on Thursday, the Saudis agreed to buy another 48 Tornado fighter-bombers as part of a deal under the much-delayed second phase of the arms-for-oil Al Yamamah program.

BAe shares rose 18 pence to close at 253 pence in London on Friday. The stock has rallied from 165 pence since the start of the year, but is still depressed compared with its high of 650 pence in March 1991.

"This removes a lot of uncertainty" for BAe, said Pete Deighton, an analyst at Smith New Court. "They are heading off the critical list now."

BAe shares rose 18 pence to close at 253 pence in London on Friday. The stock has rallied from 165 pence since the start of the year, but is still depressed compared with its high of 650 pence in March 1991.

The order will safeguard 19,000 jobs at the company and save the Tornado production line at Warton, northwest England, which ran out of work last month when it delivered its last aircraft to Britain's Royal Air Force.

BAe's Royal Air Force, Saudi Arabia already has 72 Tornados, a total of 974 have been made so far. Last week, BAe signed a venture with Telematic Aerospace Corp., avoiding closure of its regional jet business and a loss of a further 10,000 British jobs.

And late last year defense ministers of Britain, Germany, Italy and Spain gave the go-ahead for the £20 billion European Fighter Aircraft, in which BAe has a 33 percent stake.

"Only a few months ago, there were three main risks hanging over the company — EFA, Taiwan and Al Yamamah," said Sandy Morris, an analyst at County NatWest Markets. "Each of those three could have been life-threatening. But now they have been cleared successfully."

Mr. Deighton said the deal "won't do much for the profits in the short term." "But it re-assures British Aerospace's capability to derive the main part of its profits from defense activities," he added.

BAe in the past made £500 million operating profit a year from defense and Mr. Deighton said it could now maintain this level.

Industry analysts still expect BAe to announce in February a 1992 loss of more than £1 billion. They expect a recovery to a profit of between £60 million and £150 million in 1993.

There are still doubts over the profitability of BAe's Rover Group subsidiary, which has been hit hard by a prolonged slump in British car sales. And BAe's Arlington real-estate development unit is still burdened with expensive commercial property on its books at the depth of a real-estate slump.

Analysts said the main short-term contribution from the Tornado order was cash that would help reduce BAe's debt mountain, which stood at £987 million in June.

The Al Yamamah deal, signed in 1985, involved a complex payment system under which Saudi Arabia delivered crude to British oil companies that sold it on the open market.

The Saudis opened the way for the latest order 10 months ago when Mr. Major said they would make a £1.5 billion down payment on phase two.

Pöhl Sees Higher Franc If France Allows a Float

International Herald Tribune DAVOS, Switzerland — Karl Otto Pöhl, the former president of the Bundesbank, suggested Friday that France might gain an economic advantage if it allowed the French franc to float against the Deutsche mark, but said that Paris's and Bonn's political commitment to European unity stood squarely in the way of such a move.

David Mulford, the former U.S. Treasury undersecretary for international affairs, agreed. "France has chosen this course," Mr. Mulford said. If Paris had agreed to a currency realignment shortly after German unification took place, he added, interest rates in Europe would probably be lower and German inflation would not be such a menace.

French officials, however, contend they have no choice but to stick with Germany's tight monetary policies and high interest rates in order to establish France's anti-inflation credentials and to prevent the drive for European unity from falling off track.

Earlier this month, President François Mitterrand said that any break in the fixed franc-mark link would shatter the exchange-rate mechanism and destroy any remaining prospects of achieving a European monetary union during this decade.

Like several other analysts and former economic officials, Mr. Pöhl argued that France, which has had the best overall economic performance in Europe recently, has nonetheless suffered from sluggish growth and rising unemployment. But he said that the conviction re-

Mercedes Acts to Speed Model Development

STUTTGART — Mercedes-Benz AG will invest 800 million Deutsche marks (\$504 million) in a center to speed development of new models, the company said Friday.

The center will be built in Sindelfingen, near Stuttgart, site of Mercedes's biggest assembly plant. It will combine Mercedes-Benz's development activities at one site, improve linkages with suppliers and streamline preparation of new models, said the company, a unit of Daimler-Benz AG.

Dieter Zetsche, the Mercedes management board member who heads car development, said: "In the face of increasing competition we have to become more efficient, especially in the development of new passenger cars."

The center will become operational by 1996, and will employ 4,500. Research and development for motors and gear transmissions will be based at Mercedes headquarters in Untertürkheim, near Stuttgart.

Research and development for motors and gear transmissions will be based at Mercedes headquarters in Untertürkheim, near Stuttgart.

RISK: Russian Inflation Threat

(Continued from first page) political chaos: by the disintegration of economic ties across the old Soviet Union, by Moscow's inability to collect taxes, by its helplessness to prevent criminals from looting the country of billions of dollars' worth of resources and foreign currency.

Impoverishment has left Moscow with two choices: either allow, for the first time, bankruptcies and unemployment during a long and painful period of adjustment, or keep more and more money to try to prevent every firm alive.

So far the Central Bank, which is legally under the control of a populist legislature and not President Boris N. Yeltsin's reform-minded government, has chosen the second option, which is more dangerous in the long term but politically safer today.

Parliament's recent decision to index pensions to the inflation rate is precisely the kind of spark that could set prices galloping out of control.

There's a serious struggle going on," Mr. Illarionov said, "between those who argue for an improve-

Investor's Europe

Table with columns for Frankfurt DAX, London FTSE 100 Index, Paris CAC-40, and various stock indices with their respective values and changes.

Sources: Reuters, AFP International Herald Tribune

Very briefly:

- French unemployment rose by 7,400 to 2.98 million in December, the government said, resulting in a jobless rate of 10.5 percent of the work force, unchanged from November.
Volvo AB said it was considering opening an assembly plant in St. Petersburg for its 900 series car.
Carnard Line, the British company best known for its Queen Elizabeth 2 luxury liner, said it had formed a joint venture with Crown Cruise Line of Finland to market Crown's three ships.
Berliner Handels- & Frankfurter Bank AG said it was conducting talks with Royal Bank of Scotland Group PLC on the possible acquisition of a stake in that bank's Charterhouse merchant-banking subsidiary.
Renault said it had agreed to sell its Venezuelan subsidiary to Inverstones Cremerca of Venezuela to complete the French company's restructuring in South America.
ABB Asea Brown Boveri Ltd. said it had agreed to buy ETR, a power-distribution equipment maker, from the Czech Republic, for an undisclosed sum.
The International Air Transport Association said that world passenger air traffic jumped 13 percent in 1992 and cargo traffic rose 6 percent.
Lagardere Group, the main shareholder of Matra-Hachette SA, said it would raise 384 million French francs (\$71.7 million) in a stock offering beginning Feb. 15.

Poland to Resume Talks With Banks

WARSAW — Poland opens talks Feb. 11 aimed at restructuring its \$12.1 billion debt to Western commercial banks after an 18-month lapse in payments, the government announced Friday.

The London Club of commercial bank creditors has agreed to the date for renewed negotiations, said Jan Bazyli Lipszyc, a Finance Ministry adviser quoted by the PAP news agency.

Talks with the London Club broke off in June 1991, when Poland stopped repaying the medium- and long-term portion of its debt.

Poland argued that to make the transition to a market economy, it needed a comprehensive reduction of the bank debt accumulated by the old Communist regime — similar to the 50 percent write-off granted Poland in March 1991 by the Paris Club of creditor governments.

COMPANY RESULTS

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Table of company results for Germany, including Siemens, Bayer, and others, with columns for revenue, profit, and share price.

Delta Air Lines, Don & Bradstreet, Procter & Gamble, etc.

Table of company results for United States, including Amer. Tel. & Tel., Bethlehem Steel, etc.

Chrysler, Orlit Corp., Occidental Petroleum, etc.

Table of company results for various international companies, including Phillips Petroleum, Schering-Plough, etc.

NYSE Friday's Closing

Tables include the performance prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Main NYSE stock market table with columns for 12 Month High/Low, Div, Yld, PE, etc., listing various stocks and their performance.

NYSE High-Lows

Table listing NYSE high and low points for various stocks, including new highs and new lows.

NYSE High-Lows

Table listing NYSE high and low points for various stocks, including new highs and new lows.

REPUBLIC OF LEBANON Rehabilitation of the Water Supply and Waste Water Sector PRE-QUALIFICATION OF CONTRACTORS. For the rehabilitation and reconstruction of its infrastructure, the Republic of Lebanon has applied for loans from the International Bank for Reconstruction and Development (IBRD), the European Bank for Investment (EIB), Kuwait Fund for Arab Economic Development, and other sources including the Lebanese Treasury to cover the costs of rehabilitation of the water supply and waste water sector.

REPUBLIC OF LEBANON Rehabilitation of the Solid Waste Management Sector PRE-QUALIFICATION OF CONTRACTORS. For the rehabilitation of the solid waste management sector, the Republic of Lebanon is receiving financing from the Italian Government, from the International Bank for Reconstruction and Development (IBRD) and from other sources including the Lebanese treasury.

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The Issue Is Bigotry, Not Politics

New Merger In Japan's Paper Sector

Compiled by Our Staff From Dispatches
TOKYO — Oji Paper Co., Japan's largest paper producer, will merge with mid-sized Kanazaki Paper Manufacturing Co. to create a company with annual sales of 815 billion yen (\$6.5 billion), the companies announced Friday.

Oji Paper's president, Kazuo Chiba, will become president of the new company while Kanazaki Paper's president, Toshitoku Kawamura, will become its chairman, the two men said at a news conference. The merger will take place in October. The companies said they would merge on an equal basis, although Kanazaki will be dissolved. Five shares of Oji will be exchanged for every six of Kanazaki.

The merger will create the second-largest paper maker in Japan, oet to Nippon Paper Industries Corp., which will be created in April by a merger of Sanyo-Kokusaku Pulp Co. and Jujo Paper Co. Nippon Paper expects to control a 17 percent share of the market, while the Oji-Kanazaki combination will have 12.3 percent.

Japan's Inflation Rate Eases

Compiled by Our Staff From Dispatches
TOKYO — Japanese consumer prices rose at the slowest pace in four years in 1992, the government said Friday, giving policymakers ample room to spur economic growth.

The government's Management and Coordination Agency announced that the nationwide consumer price index rose 1.6 percent in the calendar year — the first time since 1988 that it had grown less than 2 percent.

The figures leave Japan with the lowest consumer inflation among major nations. Economists say the numbers signal that the Bank of Japan should do more to lift the nation out of a two-year slowdown.

By comparison, consumer prices are growing at a 2.9 percent pace in the United States and 2.6 percent in Britain.

The agency also released data for Tokyo for January showing a 1 percent rise in the consumer price index from a year earlier and no change from December. Tokyo data are released one month ahead of nationwide data and are thought to presage general price trends.

Sanyo Slumps To a Net Loss

Agence France-Press
TOKYO — Sanyo Electric Co. said Friday it had suffered a group net loss of 1.3 billion yen (\$10 million) in the year ended Nov. 30.

Sanyo blamed a decline in capital investment and domestic consumption in Japan and a slow economic recovery in the United States and Europe. The loss reversed a net profit of 16.8 billion yen a year earlier.

Group sales dropped 3.2 percent from a year earlier, to 1.54 trillion yen.

For the current year, Sanyo expects a group net profit of 3.5 billion yen on slightly improved sales of 1.57 trillion yen.

Economists said reluctant consumers, hurt by small wage increases and fears of layoffs, had kept a tight lid on retail price increases and in some cases had actually caused prices to fall.

Core inflation, which measures inflation without the more volatile food and energy prices, rose 1.5 percent in Tokyo in January of the year, down from 1.9 percent in December, and 2 percent in December for all of Japan from 2.1 percent in November.

Core inflation has not been at 2 percent since June 1990, and economists said it would remain at these levels or decline for much of the year.

Low inflation is generally considered good for the economy, but deflation, when prices decline, can exacerbate the problems of an economic slowdown.

Economists said they saw no reason for these trends to change anytime soon and that consumer prices should remain fairly stable in the foreseeable future.

"CPI should be subdued for the first three months of 1993, and after that growth rates would slowly pick up," said Tony Nafie, an economist at IDEA, a financial analysis firm.

(Reuters, Bloomberg)

Distressed Shuwa Bails Out of Retailer

Compiled by Our Staff From Dispatches
TOKYO — The financially troubled real estate developer Shuwa Co. has sold its 17 percent stake in the department store chain Matsuzakaya Co. at a distress price of 24.08 billion yen (\$193.9 million), it was announced Friday.

Analysts said the move was the latest sign that a collapse in Japanese real estate values over the past three years had forced the privately held Shuwa to abandon plans to build a retail empire.

The buyer of the 26.464 million shares is a consortium of 24 companies, most of which are life insurers, casualty insurers and banks. Matsuzakaya declined to mention the investors' names.

Matsuzakaya's president, Kiko Saito, told reporters that the share sale was made at an appropriate price, 910 yen a share. But that is 13.3 percent below the 1,050 yen level at which Matsuzakaya's stock closed Friday. Friday's price itself was down 60 yen from Thursday's.

Shuwa offered the shares in early January and the parties have been negotiating since then, a Matsuzakaya spokesman said.

After spending years slowly building up strategic holdings in a collection of retailers, usually against their will, Shuwa is now unloading these shares in an effort to stay afloat, analysts said. The company reportedly has debt of about 1 trillion yen.

News of the Matsuzakaya sale comes less than a week after Japanese media reports said Shuwa was negotiating to sell its 29 percent stake in Isetan Co., another major Japanese retailer. Shuwa is likely to sell the Isetan stake to the supermarket chain operator Ito-Yokado, the reports said.

Analysts said the fact that Shuwa sold the Matsuzakaya stake to banks and insurers instead of to an investor in the retail industry reflected the retailer's relative unattractiveness due to its weak profit growth. Banks and insurers often act as an investor of last resort in Japan, analysts said.

"Matsuzakaya has one of the lowest earnings among Japan's 10 biggest retailers," said Harrison Bates, a retail analyst at W.I. Carr. In the half year to Sept. 30, 1992, Matsuzakaya's pretax profit dropped 70 percent to 1.53 billion yen.

(Bloomberg, Reuters)

Investor's Asia

Table with columns for Hong Kong Hang Seng, Singapore Straits Times, Tokyo Nikkei 225, and various regional indices like Kuala Lumpur Composite, Bangkok SET, etc.

Very briefly:

- Asset Airlines, the domestic Australian carrier, has been granted permission by the country's International Air Services Commission to begin flights to Jakarta and Bali.
Remison Goldfields Consolidated Ltd. will spend about 53 million Australian dollars (\$36 million) to develop a small high-grade gold mine in Tasmania in partnership with Little River Goldfields NL.

Strike at Cathay Crumbles

HONG KONG — A two-week strike by Cathay Pacific cabin crew collapsed late on Friday as the last few hundred holdouts agreed to join thousands of colleagues who already had returned to work at the airline, union officials said.

David Ngan, chairman of the Flight Attendants' Union, told members at an evening rally that he would attend the airline of the remaining strikers' intention to end the walkout.

His action came soon after a panel of the Legislative Council, Hong Kong's legislature, endorsed a resolution calling on Governor Chris Patten to appoint an arbitrator or board of inquiry to end the dispute. The panel provided a face-saving way for holdouts to return to work despite the impasse.

Nippon Steel to Pay 36 Billion Yen for NMB

TOKYO — Nippon Steel Corp. said Friday that it had agreed to pay 36 billion yen of Minebea Co.'s troubled semiconductor-making subsidiary for 35.5 billion yen (\$290 million).

The world's biggest steelmaker said it expected to expand the original equipment manufacturer business of the subsidiary, NMB Semiconductor Co., which now accounts for only 10 percent of NMB's annual revenue of 19 billion yen.

Nippon Steel officials said they hoped the purchase would not affect agreements under which NMB furnishes chips to Intel Corp., Sony Corp. and Hitachi Ltd. Nippon Steel will pay Minebea, the world's largest bearing maker, 5.5 billion yen for the NMB stake.

Nippon Steel will also assume 30 billion yen of debt. Minebea said it expected to suffer a net loss of 32 billion yen in the year to March, mainly reflecting write-offs on the sale.

Under the agreement, Minebea will be given worldwide distribution rights for dynamic random-access memory chips made by NMB, which will change its name to Nippon Steel Semiconductor Corp.

Industry analysts have warned that Nippon Steel will have to inject additional funds into the semiconductor unit, possibly as much as 25 billion yen. NMB's sales have plunged since 1989 and in the year to Sept. 30, 1992, it reported a pretax loss of more than 12.4 billion yen.

INTERNATIONAL FUNDS

QUESTIONS SUPPLIED BY FUNDS FOLLOWS. NOT ALL QUESTIONS ARE ANSWERED BY THE FUNDS LISTED WITH THE EXCEPTION OF THOSE BASED ON ASSESSMENTS.

Large table listing various international funds with columns for fund name, currency, and other details.

Table listing various domestic and international funds with columns for fund name, currency, and other details.

MONEY

FIRST COLUMN

Forecasting: Science vs. Seaweed

IF YOU had to forecast the weather, would you rely on a high-definition, computer-enhanced satellite picture, or a smelly old piece of seaweed? In most cases the sophisticated modern technology would provide a better guide as to what to wear over the weekend. But — pleasingly enough — the old rustic with his piece of weed sometimes makes a better meteorological call than the supposed experts. This week, readers are offered the rhetorical equivalent of a rancid piece of financial algae, just to find out if it smells.

The theory of the perfect market is our satellite picture. This pseudo-scientific approach to market analysis has it that only relevant financial information is taken into account when markets price shares. Thus, a company's results (or expected results) are relevant in finding the correct price of a stock, but not the color of the chairman's necktie.

But academic research, notably from Princeton, has found some worrying holes in the idea that only financially relevant information is taken into account in market pricing. Apparently, market indexes tend to overshoot closing levels ending with two zeros. Markets fight shy of, say, a 1600 closing price, and then leap over it. This is evidence favoring an inductive argument that there really is such a thing as a psychological barrier for a market (unless you argue the untenable line that the number at which an index finishes has some direct financial relevance to the stock price of a constituent company).

Seasonality, like the psychological barrier, is a piece of unscientific seaweed that keeps making its presence felt. Readers may have seen articles in this section on the "January Effect" and the British axiom that investors should sell in May and go away.

Research from the U.K. investment firm Provident Capital shows that over the years from 1986 to the present, investing just for the first quarter of the year would have seen average capital gains of 10 percent in the United States, Britain and Latin America. But investing in the last quarter would have brought average losses of 4, 4 and 11 percent respectively. As yet, no one has even tried to explain why buying early in the year has proved better.

M.B.

Funds: It's Good to Know Who's Minding the Store

By Judith Rehak

THE manager of your top-performing mutual fund has just decamped to a competitor. Should you sell your shares? Or, your fund's share price has been headed south ever since you invested in it. Should you hang on, in hopes that the manager will get the boot and performance will improve?

The answer could be "yes" to both questions, according to a study just out from CDA/Wiesinger, a U.S. fund data group. The survey, which covered 40 diverse equity funds, showed that returns from poor performers leaped from 69 percent below average to 27 percent above the norm in the five years after a new manager came on board. Top-performing funds fumbled after their managers departed, slipping to 10 percent below average in the same period.

But financial advisers and analysts say you have to look beyond the statistics. "It may be true in the aggregate, but it could be dangerous if used improperly," said Lori Lucas, an analyst with Morningstar, a mutual fund data group. "You shouldn't sell a fund just because X replaces Y," said Burton Berry, a San Francisco adviser who selects funds for his clients.

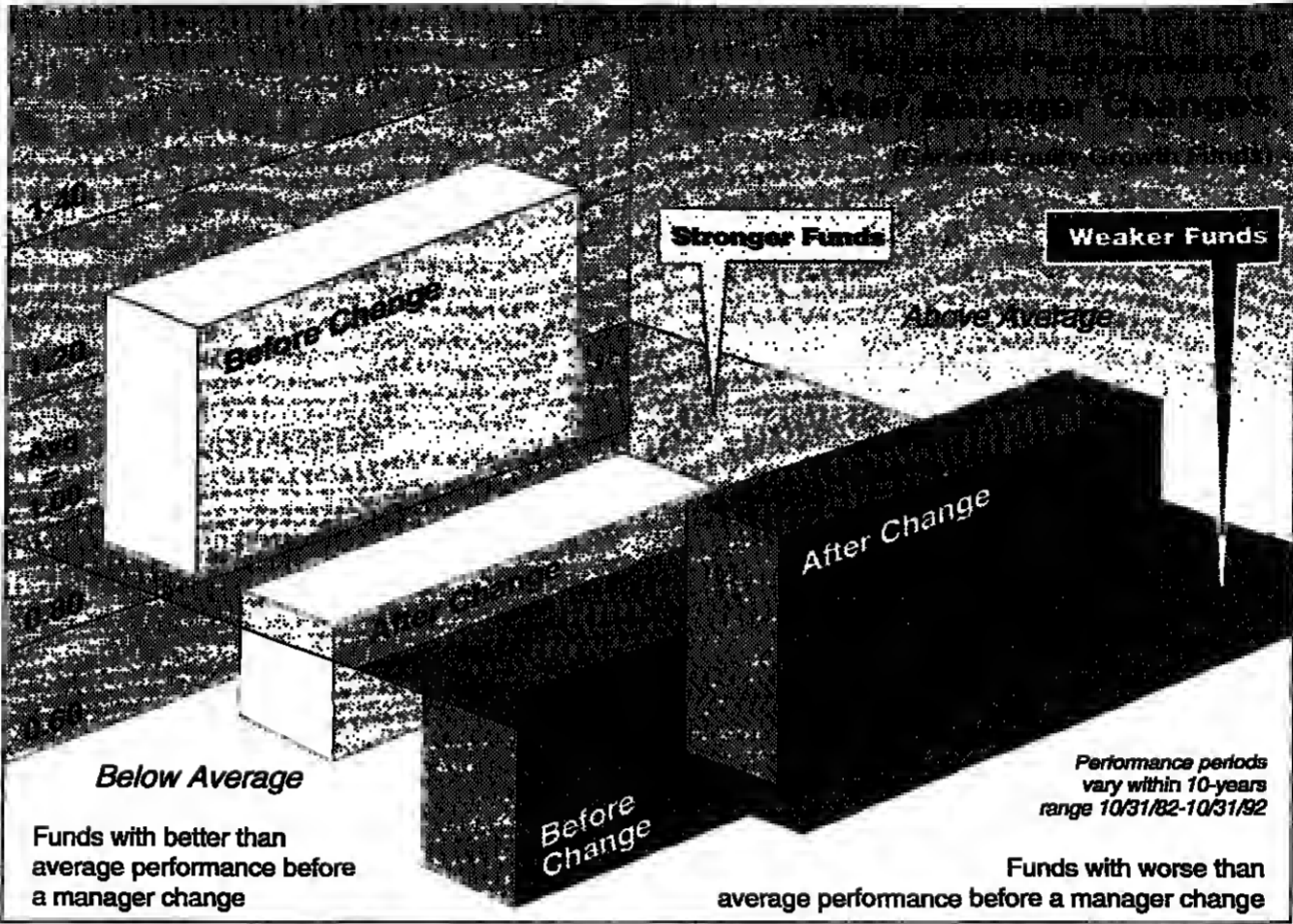
Here are some of the issues that can impact your fund's performance, no matter who is in charge:

Investing styles
Most funds are committed to an investing style. For example, value investors seek out companies with underpriced and unrecognized assets while growth investors focus on firms with prospects for rapid earnings growth.

"In certain periods, value will do better than growth, or perhaps international equities will be hot," said Mr. Berry. "Market leadership is revolving continuously, and that's more important than the manager." For example, after sub-par performance for nearly seven years, small company funds are now leading the pack, rising 15.96 percent in the last quarter of 1992, compared with a manager 5.02 percent for the S&P 500 index, made up of big blue-chip companies.

Sector funds
The boom-bust performances of funds that specialize in one industry can leave the most astute manager with nowhere to turn if a sector turns sour. Fidelity's Select Biotechnology fund soared 99 percent in 1991. But the fund plummeted 22 percent last year, and its manager, Michael Gordon, moved on to another Fidelity fund. Had he lost his touch? Hardly. "All biotech funds did well to the end of 1991, then they went to hell in January of '92," said Mr. Berry.

Although the Wiesinger study did not



Source: CDA/Wiesinger

International Herald Tribune

include sector funds, they show what can happen to the performance of a diversified fund if a manager places a big bet on a certain industry. For example, any manager who took a stake in heavily depressed bank stocks a year or two ago is looking stellar right now, as U.S. economic recovery picks up steam.

Investing guidelines
Is your manager hemmed in by parameters that hurt the fund's performance? One frustrated manager of a poorly performing foreign stock fund was required to keep a stake in Japan, even though he was negative on the Tokyo stock market. He finally left the management company to start his own fund, where he has turned in a solid track record.

Company culture
The most frequently cited fund that con-

tinues to perform well despite manager changes is Fidelity's giant \$22 billion Magellan fund, now on its second manager since the departure of star manager Peter Lynch more than two years ago. Its success is attributed to the Fidelity culture, which sometimes appears to be playing musical chairs with its fund managers, switching them frequently among its 145 funds.

"Changes are much less significant than at other funds because they have a pool of exceptionally bright managers, with a workaholic culture, plus considerable interaction among managers and analysts," said Eric Kohren, editor of Fidelity Insight, a newsletter devoted to Fidelity funds.

If anything, Magellan's performance is more likely to be affected by the difficulties

of managing its sheer size. Some industry observers believe that Fidelity will eventually have to split the fund in two.

Management by committee
Some groups have multi-managers for their funds. For example, the Twentieth Century and American Funds groups, two successful money managers, use two or three persons to run a fund, so that if one leaves, the investing style remains intact.

But what about the far more difficult decision to stick with a money-losing fund? To be sure, there are some classic turnaround stories: The Kaufmann fund, a small company vehicle, had a "checked past," said Ms. Lucas of Morningstar, before two new managers took the helm five years ago. Today it is the No. 1 U.S. equity fund, up 355 percent for the past five years.

DONALD Yackman took the undistinguished Selected American Shares fund, changed its investing style, and produced a 16.6 percent annual gain over the past nine years, compared to 14.7 percent for the S&P 500.

But after a falling-out with management last year, he started his own fund. His followers voted with their feet, leaving out of Selected American, and providing a hefty chunk of the Yackman fund's \$81.5 million in assets.

One thing that the Wiesinger study definitely reaffirms is that you should keep tabs on who's minding the store at your fund.

This is not as easy as it sounds, since fund companies are not obliged to reveal the names of their managers, much less the departure of a star. (Only closed-end funds, a tiny part of the fund universe, are now required to make names available.)

"It's up to investors to do their homework," said Steve Savage, the editor who supervised the Wiesinger survey. "You can buy Barron's [a financial weekly that carries a quarterly fund report with the names of managers], or call up your fund company and ask them about the manager and his style. Is it a clear-cut case of a star manager, or was he just a cog in the wheel? If you're comfortable with the way they run the fund, then stay with it."

How to Take the Measure of the Managers

International Herald Tribune

SOME analysts argue that being good isn't enough. What really counts is that a fund be consistently good. And just to complicate matters, the word "good" in this context is relative — it means being better than other fund managers operating in the same investment sector.

Chris Poll, chairman of the financial analysis and global fund monitoring group Micropal, says that performance figures alone are not enough to say how good a manager may be.

"What counts is a fund's performance in the context of the sector as a whole. Is the sector in or out of favor? Looking at the sector against a broad base of funds is not

necessarily a good guide to an investment manager's ability."

Micropal measured the performances of three funds — Fidelity Select Biotechnology, Magellan and the Kaufmann fund — against the average performance of U.S. equity funds with an aggressive growth strategy. The results are illuminating.

The Magellan Fund did not just continue to rise in price after the departure of manager Peter Lynch. It also continued to outperform the average aggressively oriented growth fund manager — up to a point. Toward the end of the first quarter of last year the fund began to underperform the average.

"The manager has changed more than once since Mr. Lynch's departure, and at first that didn't make a difference. Later on it did," says Mr. Poll.

The case of the Kaufmann fund is a prime example of why performance alone is not enough, according to Mr. Poll. The fund underperformed the average sector performance by around 30 percent in 1987. The latest figures show the Kaufmann fund some 30 percent better than the mean.

But Micropal's analysis focuses on the change of manager in 1988. "Since the new man's been in, the fund is 60 percent better than the average — although there have also been periods of underperformance."

The Fidelity Biotechnology fund's performance is attributed by Micropal more to the inherent volatility of the sector than a management change. The fund was a big winner, and lost its gains when the sector turned sour.

The Clinton presidency Trade disputes on the boil

Confrontation with Iraq

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Great Britain £	190	105	58
Greece Dr.	66,000	36,000	20,000
Ireland Ir£	220	120	68
Italy Lit.	450,000	250,000	138,000
Luxembourg L.Fr.	13,000	7,100	3,800
Netherlands Fl.	710	380	218
Norway N.Kr.	3,300	1,800	980
Portugal Esc.	43,000	25,000	13,750
Spain Ptas.	45,000	25,000	13,750
hand deliv. Madrid Ptas.	55,000	27,500	13,750
Sweden (journal) S.Kr.	2,300	1,200	650
hand delivery S.Kr.	2,300	1,200	650
Switzerland S.Fr.	980	530	300
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Gulf States, Aust. Central and South America	780	430	—
Rest of Africa	900	495	—

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BRIEFCASE

S&P Depository Receipts Start Trading on Amex

Trading began Friday on an interesting indexed concoction called an SPDR, also known colloquially as a Spider. Listed on the American Stock Exchange, it is a hybrid of a closed-end fund and an open-end mutual fund, and a little like a stock, too.

Standard & Poor's Depository Receipts are shares in a unit investment trust that holds a batch of stocks that make up the S&P 500 index. The receipts are offered in bite-sized chunks equal to about one-tenth the value of the underlying index. The S&P is around 440 oow, so SPDRs would be priced around \$44.

Most unit investment trusts have a limited number of shares, meaning they can trade above or below net asset value, not desirable in an indexed product. SPDRs get around this by having an elastic float, explained Steven Bloom, vice president for new product development at the Amex. The trustee, in consultation with the specialist who controls trading on the exchange floor, can issue or redeem shares each day.

Another interesting feature is that the minimum tick size and spread between the bid and offer prices is a razor-thin one-thirty-second of a point, Mr. Bloom said, and the fund's expense ratio is expected to be no more than 0.20 percent of assets per year.

When SPDRs start getting expensive is when the brokerage commissions are tacked on, coming and going. Most index mutual funds have a nominal charge of maybe \$10 a year to get into and keep fund shares.

Offshore Insurance Group Offers a "Bond" Life Policy

J. Rothschild International Assurance, a newly launched offshore subsidiary of the British insurance group J. Rothschild Assurance Holdings, has a new investment on offer. Investors willing to write a check for \$5,000 (or the equivalent in any major currency) can choose between funds denominated in dollars, sterling or German marks. Investors can choose between a range of risk profiles in managed funds in each currency, or opt for an index-tracking vehicle.

Although the product is called a "bond" it is nothing like a U.S. Treasury or a corporate bond. Investors buy a life insurance policy, which then commits the proceeds to the chosen funds. The life cover is little more than legal fiction for what is really an investment product: If investors die, their cover is just 101 percent of the value of the funds.

The industry claims that life cover helps investors switch between funds. Maybe, but watch out for charges. In this case, the insurance company takes 1.5 percent annually, and the fund managers take a total of 2 percent annually. There is an establishment charge for the first five years of 0.75 annual-

Booklet Test Draws Portrait Of the Small Entrepreneur

Budding small-business owners who want to know if they've got what it takes to make a go of it (besides the usual keys to success like connections and wads of money) can send away for a booklet from the Northwestern Mutual Life Insurance Co. called "What's Your E.Q.?" or Entrepreneurial Quotient.

The booklet contains a quiz in which readers answer questions designed to explore facets of their personality that Northwestern Mutual's researchers correlate with success or failure in running a small business. The small business.

Curiously enough, many of the traits that seem to make a good entrepreneur also fit the stereotype of a good serial killer: preferring clubs, mediocre grades. Others run more in line with the standard small-business owner's profile: adventuresome, willing to borrow money and work long hours, a from Leonardo stands on up.

The booklet costs \$3 to cover expenses and is available from: Northwestern Mutual Life Insurance Co., PO Box 1913, Milwaukee, WI 53202.

UP 31 150

SPORTS SUPER BOWL

A Pressure-Cooker Question for Bills: 'So What's New?'

By Michael Wilbon
Washington Post Service

LOS ANGELES — The Buffalo Bills' Super Bowl history consists of losing to the New York Giants on a missed field goal and getting blown out by the less-talented Washington Redskins; of Thurman Thomas misplacing his helmet, Andre Reed throwing his, and players bickering over which one was most like Michael Jordan. The lowlights go on and on.

The question for the Bills, one the eve of Super Bowl XXVII — their third straight attempt to win a championship — is: What's different this time? Why should we believe that Sunday in Pasadena, California, will be any different from Sunday in Minneapolis or Sunday in Tampa, Florida? Aren't these the same players, running the same no-huddle offense, coached by the same Marv Levy, representing the same AFC that has lost eight straight Super Bowls? Is there some reason we should believe that the Dallas Cowboys won't win, 73-0?

Even though the action Sunday is the only action that will ultimately matter, the Bills' pregame actions, almost without exception, have suggested this is a different team.

By Thursday of Super Bowl week in Tampa, it was obvious that Bills-Giants was going to be a lot closer than need be — the Bills were young and loud and out all night. By Thursday of Super Bowl week in Minneapolis, it was obvious that Redskins-Bills would be not so much a game as a mercy killing — the Redskins were in extra film sessions while the Bills were standing atop tables beating their chests and screaming. "Look at me! Each Sunday was just a reflection of what the Bills did all week long, which was obviously not enough as it pertained to football.

"We're going to conduct ourselves in a different manner," Bruce Smith, the defensive end, promised on Day 1 of the 1993 Super Bowl week, "and from that standpoint we should be able to come out successful."

Cornelius Bennett, a linebacker, started his "Let's Try Something Different" campaign even as the AFC title victory over Miami was ending. "I went to the guys and told them to handle it with class," he said. "We've celebrated two AFC championships in a row, and it seemed that's where we left it. We celebrated heading into the Super Bowl rather than concentrating.

"Now we're focused every day. I think we

are paying attention to detail and not being caught up in the limelight. We understand we are here for business purposes and that's the way to win the Super Bowl."

Two crushing losses, and two years of having to put up with questions about choking will make you re-evaluate what you've done, even if the criticism is unfair, even if you lost one game by inches, even if you've got the playoffs proved something about the team's tenacity and resiliency. It has affected every practice and the two playoff victories since.

Talent has not been Buffalo's problem in the last two Super Bowls. The Bills were light years ahead of an aging Giants team in XXV and patently better — at most positions than the Redskins in XXVI.

No, the problem was not talent. Producing under pressure was the problem. Maintaining poise was the problem. Finding one's helmet at the start of the game was the problem. So if the victory over Houston helps the Bills with things between the ears as much as things between the lines, why not use it?

"Normally," Levy said, "I would tell the team to put a game behind them as soon as it's over. But not with Houston. The Houston game has had a carryover effect, and I haven't tried to dampen that. This team now thinks it can do anything, and that's good. They think they can win if they don't give up."

So there has been a certain quiet confidence about the Bills this week, a sense that they don't have to be loud and obnoxious. "I told them they could profit by what happened in the past," Levy said.

'Now we're focused every day. We understand we are here for business purposes.'
Cornelius Bennett

best record in the league over the last five seasons. Levy, the thoughtful coach, is too smart to stand pat. "This isn't a normal week no matter how you cut it," he said. "We tried to do it that way two years ago, prior to Super Bowl XXV."

It is impossible to find a Buffalo player who does not feel that the 32-point comeback victory over Houston in the first round of the

"I told them they didn't know how bright the media glare would be until they got there, how everything they say can become a headline even if you don't mean it to be. I haven't tried to make distractions the issue. I've made the game the issue. I think this is a smarter team in terms of being able to concentrate on their game preparation and understand that the hoopla and hype around the game can be part of the fun, not the irritation."

The Buffalo Bills have come with a better attitude; they have come with a better defense, and they have come prepared to put the experience of having been in two Super Bowls to good use.

Only one other team, the Miami Dolphins of the early '70s, has been to three straight Super Bowls. So even if the Bills fail to score a point, there is already honor in what they have done. But should they lose, the Bills will not be lumped with those Dolphins; they will be lumped with the Denver Broncos, who lost three times in four years, and the Minnesota Vikings, who are 0-4.

At least this time, regardless of the outcome, it appears the Bills will leave knowing they have done everything possible to make the third Super Bowl experience different.

Talley's Tussle Distracts Bills

By Timothy W. Smith
New York Times Service

LOS ANGELES — Trying to defuse a potentially distracting situation, Darryl Talley, his coach and some of his teammates have been denying reports that the Buffalo Bills linebacker was involved in a scuffle at a nightclub here five days ago with the bodyguard of former Lakers star Magic Johnson.

"Nothing happened, no incident, no fight, no nothing," Talley said Thursday, at one point yelling to a crowd of reporters. "Attention everybody! Nothing happened."

But something did happen, according to two of his teammates and Johnson's agent, Lon Rosen, and the question remained whether it would disrupt the Bills' preparation for Super Bowl XXVII.

The two Bills players and Rosen agreed that Talley was involved in a confrontation with the bodyguard, whom Rosen identified only as Anthony, at a nightclub called Roxbury on Sunset Boulevard on Sunday night.

The two Bills players, who asked not to be identified, said there was some pushing and shoving between Talley and the bodyguard and the two had to be separated after an argument. One player said Johnson phoned Bills defensive end Bruce Smith, who was also at the club and whom Johnson apparently knows, to apologize for the incident.

Rosen said Talley was flipped to the floor after a confrontation and scuffle with the bodyguard. Rosen said the incident had nothing to do with anything Talley said to Johnson, who wasn't present, but resulted from a disagreement with the bodyguard.



Emmitt Smith, left, rested on his helmet during a Cowboy practice while Thurman Thomas, right, gave away miniatures.

Dallas Has Spread, Buffalo the Pressure

By Thomas Boswell
Washington Post Service

LOS ANGELES — Emmitt Smith better watch out. Under the mind-numbing interview torture of Super Bowl week, he's turning into the Thurman Thomas of last year.

Thursday, Smith popped off about how great he thinks he is. Asked who was the best runner in the NFL, he said, "I like to think that I am the best." Asked who was close, Smith really dug the hole deeper, saying, "I think I am."

What? Emmitt won't even give Thurman Thomas or Barry Sanders or Barry Foster a close second-place finish?

Smith is a good player and a fabulous runner, but his remarks are going to stink to high heaven if he or the Cowboys lay an egg against the Bills on Sunday.

Just an hour after Smith's oaths conference, Thomas held one of his own — to underline his criticism for his blowhard remarks last year. He handed out tiny Bills helmets — his way of apologizing for winning and bragging before Super Bowl XXVI, then misplacing his helmet on the first two plays and finishing with 13 yards rushing.

"We all learned a lesson," said Thomas of the mink-decked, diamond-shod, shade-wearing Bills, who swaggered into Minneapolis, blowing their own horns, only to get their clocks cleaned. "You can't say things, then go out and have one of the worst games of your career."

By Thursday, Smith had been forced by the publicity-worshipping NFL to talk about himself for more than four hours this week. It's eerie to watch the process. Like a radioactive isotope eating through a lead canister, the vanity glows through the thin walls of a pampered jockey's barely socialized superego. Or, you could say that he cynical sportswriters sit around like vultures, thinking, "If we can just keep this guy talking long enough, there's no telling what he'll say."

If you listened to Smith's whole news conference, you could interpret his comments to mean something like, "If I don't think of myself as the best, then how will I ever be the best?" If so, then he better learn to say it that way. Or else pass on the subject.

When Thomas was told that Smith had proclaimed himself the best, the Bills halfback — who just became the only man in NFL history to lead the league in total yards for four straight seasons — gave a little smile and said, "I think he's right."

So, where would Thomas put himself? After a lush moment of silence, Thomas said, "About sixth or seventh."

Emmitt Smith: Superego Takes on Super Bowl

By Thomas Boswell
Washington Post Service

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Washington Post Service

LOS ANGELES — There is still time to get a prime seat on the 50-yard line at the Rose Bowl in Pasadena for Sunday's Super Bowl — providing you have \$1,500 to spare.

That is what ticket agencies are charging for the most prized seats, which have a face value of \$175.

Robert Shelter, an agent with Applause Ticket Service in Los Angeles, said although prices were higher than last year, there was more demand.

"I mean, who wants to go to Minneapolis to party in January," he said of last year's venue.

He said stars and entertainment moguls were among those clamoring to pay \$1,500 a ticket.

Seats for the Beautiful People, at a Mere \$1,500 Each

By Thomas Boswell
Washington Post Service

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DENNIS THE MENACE



HE LOOKS INNOCENT, WHICH PROVES THAT LOOKS AREN'T EVERYTHING.

JUMBLE THAT SCRAMBLED WORD GAME
Unscramble the letters to form words. Use the letters in each word to form the next word.

RUGAU
HURTT
BRONCA
GOFERR

Print answer here: _____

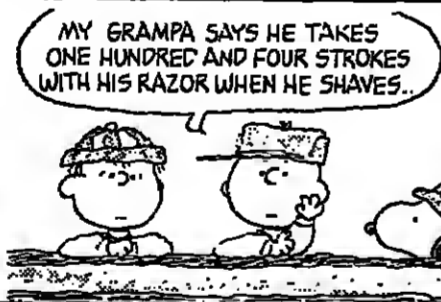
BEELE BAILEY

IS SARGE COMING WITH US?
NO, HE HAS A LOT OF READING TO DO.
I DIDN'T KNOW SARGE WAS A BIG READER.
NEITHER DID I.
NOW WALKER.

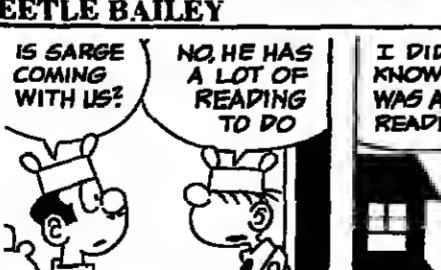
DOONESBURY

SO WHAT DO YOU SAY, SARGE? CAN YOU BRING UP THE KIMBERLIN CASE?
I'LL THINK ABOUT IT, RICK. I HAVE TO START SLOWLY. I DON'T REALLY KNOW THE ROSES AT JUSTICE...
AND THAT'S RESEMBLING I STILL HAVE A JOB. THE FALLOUT FROM THE NANNY CRISIS SEEMS TO BE NEVER-ENDING...
I WANT SOCIAL SECURITY.
RIGHT, WANT ME TO START TURNING OVER YOUR BENEFIT TO YOU?

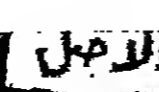
PEANUTS



CALVIN AND HOBBES



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SPORTS AUSTRALIAN OPEN

Graf Aims to Snap Seles' Hot Streak

MELBOURNE — Monica Seles has ruled the Stadium Court at Flinders Park for the last three years...

back in force — with a new body-suit under her tennis whites and a slightly more relaxed approach to the game...



Stefan Edberg, above, got pumped up over his straight-set win while Jim Courier, below, used baseline power to reach the finals.

Cream Stays Smoothly Atop Open Big Guns Courier and Edberg Are Straight-Set Finalists

By Christopher Clarey International Herald Tribune MELBOURNE — Forget about bad backs and bad attitudes...

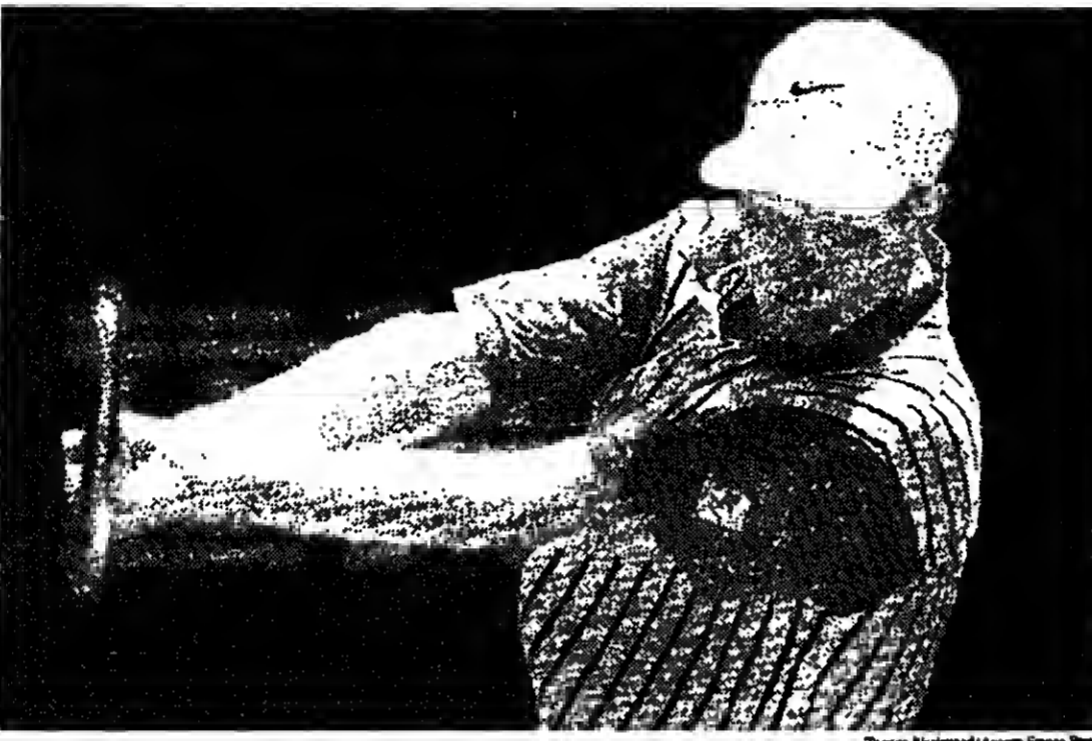
speed gun but could not match Courier's relentless consistency from the baseline and regular grunt and all the other elements that can muddy the waters at Grand Slam tennis tournaments...

The bottom line on Courier is that he has yet to lose a set in six matches. "I played better today than I did in the semis last year," he said with a grin...

Tracy Austin Set To Make Bid for Tennis Comeback

LOS ANGELES — Tracy Austin, the youngest winner of the U.S. Open at 16 in 1979 and a one-time world No. 1, is returning to tournament tennis on a limited basis...

But all has been calm in Australia, a country where "no worries" is both an everyday expression and something of a national credo...



U.K. Lashes Out?

LONDON — British horse racing rulers are preparing a clampdown on jockeys use of the whip in response to growing public opposition...

The number of times a jockey can hit a horse may be reduced by half from the present 10-stroke limit in proposals by the club's disciplinary committee...

SCOREBOARD

Table with columns for BASKETBALL NBA Standings, THURSDAY'S RESULTS, and WESTERN CONFERENCE.

Table with columns for HOCKEY NHL Standings, MAJOR COLLEGE SCORES, and CAMPBELL CONFERENCE.

Table with columns for TENNIS Australian Open, NEA HIGHLIGHTS, and BASEBALL.

Houston Keeps Up Hex On Chicago With Win

The Chicago Bulls, who have been to the summit of the NBA the last two seasons, are not so impressive when they visit the Summit in Houston...

points for Chicago, the two-time defending NBA champions. Nuggets 110, Nets 100; Denver, 2-19 on the road...

PERSONALS, FRIENDSHIPS, and other classified ads including Edith Brigitta Fahrenkrog.

INTERNATIONAL CLASSIFIED, MOVING, and BUSINESS OPPORTUNITIES.

REAL ESTATE INVESTMENTS, REAL ESTATE FOR SALE, and AUTOS TAX FREE.

HOLIDAY RENTALS, MONROE NANNIES, and various classified ads.

DAVE BARRY

The Caesars Angels Sing

MIAMI — Just before Christmas, Beth and I, being deeply traditional people, went to Las Vegas. We stayed at Caesars Palace, a giant hotel-casino authentically decorated to look exactly like the Roman Empire would have looked if it had consisted mainly of slot machines. Caesars also features roughly four zillion flashing lights, huge toga-clad statues that move, cocktail waitresses wearing costumes designed by Frederick's of Rome, and a bar on a large indoor boat that is actually floating. ("Norm, I think maybe you've had enough, you might... SPLASH. "MAN OVERBOARD!")

Marlene Dearest: No Sequin Unturned

By Caryn James

NEW YORK — That husky laugh you hear coming from the great beyond is Marlene Dietrich's. She's not around to control her image anymore, but at least she has managed to confuse it. "There have been 55 books written about me!" she snapped at Maximilian Schell in his 1984 documentary "Marlene," in which the aged star granted hours of interviews but refused to be shown on camera. She hated anyone else mucking around with her legend. It seems as if 55 more books have appeared since she died in May, a 90-year-old reclus who had not left her Paris apartment in years. The actual number is closer to five. The newest is a glib, gossipy, 789-page memoir written by Dietrich's only child, Maria Riva, who leaves no sequin unturned in exposing her mother's lurid personal life. No 68, Riva adopts a tone more sorrowful than angry, but the bitter animus behind her book cannot be disguised. In "Marlene Dietrich," Riva says she was raped as an adolescent by her lesbian nanny and suspects that her mother wanted it to happen. She depicts a Dietrich so monstrously selfish that she wanted her daughter to become a lesbian so she would never have children of her own, never desert her poor mother. Steven Bach's "Marlene Dietrich: Life and Legend" is far more authoritative about her career. Bach is especially generous with details about her freewheeling days in Berlin before Josef von Sternberg cast her in "The Blue Angel" and established the enduring image of an irresistible, hard-nosed femme fatale. Bach's Dietrich is self-absorbed but kind, a woman who never meant to hurt the dozens of men and women she manipulated. About her personal life, both biographers agree on this much: she slept with von Sternberg. And with Maurice Chevalier, John Gilbert, Douglas Fairbanks Jr., Edith Piaf, the screenwriter Marcelle de Costea (who was on the rebound from Greta Garbo), Erich Maria Remarque, Jean Gabin, Kirk Douglas, Yul Brynner and Frank Sinatra, just to name the more famous. She married Rudolf Sieber and became a mother before "The Blue Angel" and never divorced, the better to protect herself from suitors. The authors disagree about much more, including whether she pretended that her Nazi-supporting sister was a concentration-camp prisoner. Riva writes that her mother would say tragically during the war that her sister, Elisabeth, was "in Belsen," knowing very well that listeners would assume she was a prisoner in the Bergen-Belsen concentration camp in Germany, although Dietrich knew she was living comfortably at home. This was another "twisted script" her mother invented for her "personal convenience." Bach's version, documented by interviews with the British officer who dealt with Dietrich at the camp, is that she pulled strings to get to Bergen-Belsen soon after it was liberated. Only then did she learn from the British that her sister and brother-in-law had been working for a group supporting the Nazis. That, Bach says, is why Dietrich publicly denied her sister's existence from then on. The Riva book resembles a Hollywood biography, flashy and detailed but containing big black holes. Like von Sternberg at his most florid, Riva is not always easy to believe, but she is always greatly entertaining. Riva plays up her insider's perspective masterfully. Her parents, Marlene and Rudi, affectionately called each other Mutti and Papi from the time of her birth and remained confidants throughout their lives. Maria's mother usually called her "the child" and for publicity purposes



Maria Riva at a Dietrich memorial service in Paris last year; right, the star in a sultry Hollywood pose.



Maria Riva at a Dietrich memorial service in Paris last year; right, the star in a sultry Hollywood pose.

shaved years off her age, starting when she was 6 and joined her mother in Hollywood. Dietrich apparently juggled her lovers with the accomplishment of a French farceur: At dawn she would sneak out of whatever rented Hollywood mansion she lived in at the time, go back to ring the front doorbell and sit down to breakfast with Dietrich, all so the child wouldn't know. The child knew plenty. Instead of going to school, she accompanied her mother to the studio. Much of the book is devoted to details of costume design and lighting, but then so were Dietrich's movies. After a while, Riva's child's-eye view becomes frustrating. When Dietrich visits Colette and Gertrude Stein, the intimidated young Maria remembers nothing about their conversations. Riva has great advantages over any other biographer, especially because she can quote from the diary Dietrich kept from youth to old age and from a great cache of letters by and to her. It was one of Dietrich's habits to pass her love letters on to her husband, who kept them all. The diary is revealing because it is a work of such startling banality. When Dietrich falls hard for Yul Brynner—she was nearing 50, he was around 30—the diary is full of adolescent exclamations such as, "He did not call," and "Feel have lost 'him' forever. No use living." No wonder that in her notoriously unreliable autobiography, "Marlene," Dietrich denied keeping a diary at all. Riva writes that toward the end of Dietrich's life, she used that diary to create the self-pitying image of a neglected old woman. By then she was addicted to pills

and alcohol, and after falling and fracturing her hip in 1979, she "put herself to bed for the rest of her life." Riva says: "Now, when she passed out she would already be lying down in a soft, safe place. Never once did the option of giving up drinking instead enter her mind." Riva presents a wrenching image of Dietrich's pathetic old age. When her physical beauty finally escaped her control, Dietrich would spend hours on the phone but see no one. She cooked on a hotplate next to her bed and used a Limoges pitcher as a chamber pot. If it was hard to be Dietrich's daughter, imagine, as Bach does, how tough it was to be the legend herself. "She made being Marlene Dietrich look so easy that no one ever thought to question the effort it took," he says. A longtime student of von Sternberg, Bach vividly recreates the willful manner in which Dietrich became an icon and stayed one. Before von Sternberg saw her on stage, she did a notorious lesbian song-and-dance in a stage revue; she played many small roles in silent films, including one on which she astutely said she "looked like a potato"; she was carefree about her sex life and ambitious about her career. All of this she liked to forget. Put these books together and they'll make your head spin, which might not be far from what Dietrich wanted. She scorned facts and never settled for the truth when a pretty lie would do. Bach is right to hint that because she was unwilling to change her image, she was finally victimized by it. Dietrich so completely became her legend that there seems to have been little left behind it. Or so she would have us believe.

PEOPLE

American TV Censors McCartney Protest Song

MTV couldn't clean up Paul McCartney's new environmental protest song by blipping out the dirty words, so the American musical channel just dumped it. McCartney uses the F-word seven times in "Big Boys Bickering," written after George Bush refused to sign an ecological treaty in Brazil last year. The singer said that the M-word ("mucking" up the world) wasn't strong enough for him. (The BBC had banned it, too.)

Is Madonna, at 34, over the hill? Andrew Lloyd Webber thinks so. She's just too old to play Eva Peron in his proposed film version of "Evita," he said: Peron died at the age of 33. He also said Madonna's ultrasympathetic image would not go with the project.

Did Oona Chaplin sign a \$500,000 bank loan guarantee for her New York psychiatrist, Dr. Christ L. Zois, in 1989, two years before her death? Doctors for the late widow of Charlie Chaplin say that on that date she was in a hospital in Geneva recovering from a brain hemorrhage, and a federal judge in New York has ordered her estate to produce the medical records in court after the doctor refused to repay the loan.

Christie's got Annie's gm. The customized Winchester that Annie Oakley used in Buffalo Bill's Wild West Show will be auctioned at Christie's of London on March 24. The rifle is expected to bring up to \$25,000 (\$38,500).

Planning the surprise party for Skitch Henderson's 75th birthday took six months of plotting, hiding of guest lists and fielding of teletype calls. Only when he was on tour with the New York Pops was there time to relax, said Ruth Henderson, his wife, who planned the party. "And I was totally surprised," the maestro said. What about turning 75? "Some of the sheer terror of working for a living leaves me," he said. "I worry less about tomorrow."

INTERNATIONAL CLASSIFIED

Appears on Pages 5 & 17.

WEATHER

Weather forecast section including maps for Europe, Asia, North America, and Latin America, with temperature and precipitation data for various regions.

SWITCHES By Wilson McBeath

Crossword puzzle section with clues and a grid. Clues include '63 Gustav - former Swedish king', '125 Copland's "The Tender Land"', and '46 Alphabetic run'.

BOOKS

INSHALLAH By Oriana Fallaci. 608 pages. \$25. Doubleday. Reviewed by Christopher Dickey. Perhaps you remember Lebanon. There was a time, just a decade back, when the attention of the world was focused on Beirut. American troops had gone into Lebanon on a humanitarian mission then, too, trying to write a quick end to a long war. But after the massacres at Sabra and Chatila - after the photographs of all those stinking, swollen bodies of women and babies - their mission became less clear. They wound up dying themselves, and leaving, in the face of a political defeat so severe there was no disguising it as honorable. Fallaci's novel is about that time in Lebanon: the three months after that grim morning when 241 U.S. servicemen and 88 French paratroopers were blown away. But it is not about the Americans, nor the French, nor indeed the Lebanese. It is about the Italian contingent of the Multinational Force. They were the one group that was never blown up, and because of that they have not been much remembered in the historical accounts that linger in the history books. But they were there, closer to the action, to the people, to life and death every day, than any of the other soldiers who were sent. Fallaci reaches for the grand themes of war: love and friendship, death and despair and, yes, the meaning of life. But too many of her characters (103, according to those who've counted) are all design and no life, caricatures of whores and grunts, nuns and mullahs. Fallaci, so flamboyantly self-involved that she introduces herself as a peripheral figure even in this fictional narrative, has always had trouble hearing any voice but her own. Which probably explains, as well, why the "translation by Oriana Fallaci from a translation by James Marcus" is so awkward. She has made the English prose read the way she speaks. The currying of the Italian soldiers, rendered literally, is simply bizarre. And yet the pages, all 608 of them, keep turning to the end. There are moments when, despite all the flaws of presentation, all the predictability of the multiple plots and the philosophical blather (Fallaci speaks words at the target like shrapnel from a claymore mine - and still misses!), there are enough moments of sadness, excitement, suspense and anger to keep us reading. Christopher Dickey, Paris bureau chief of Newsweek and the author of "Expats: Travels in Arabia," wrote this for the Los Angeles Times.

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